



# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## China Olympic boycott threat

China gave the Soviet Union *one month to withdraw* its troops from Afghanistan or face a Chinese boycott of the Moscow Olympic Games.

The decision was announced as an *Olympic Committee resolution* but was clearly taken at a high level in Chinese Government.

It followed a statement earlier this week by Premier Hua Guofeng that it would be improper for Chinese athletes to take part "under the circumstances of the Soviet occupation of Afghanistan.

### Swedish strike

All airline traffic in and out of Sweden was due to stop at midnight as official mediators fought a losing battle to avert a strike by 14,000 public sector workers. Earlier story, Page 2

### Papers warned

National newspapers will get no reprieve from a decision to involve Fleet Street printers in disruptive action in support of a provincial printers' pay claim, print union leader Joe Wade warned. Back Page

### Anderson plan

John Anderson withdrew from the Republican race for the U.S. presidency and unveiled a strategy to stand as an independent candidate. Page 5

### Leaders held

South African security police detained four black consciousness leaders following unrest among thousands of high school children. Page 3

### Farm price hint

Britain might be prepared to agree to French demands for a 5 per cent increase in EEC farm prices in order to reach *agreement* on the UK's budget contribution. Back Page; Feature, Page 2

### Gunmen flee

A security guard foiled what appeared to be an armed robbery attempt. He chased off two gunmen from a London office block despite being hit on the head by one of them with an iron bar.

### Drugs settlement

Three drugs companies accepted responsibility for the outbreak of *SMON*, the nerve paralysing disease, and agreed to pay nearly £2.2m compensation to 47 Japanese victims. Page 31

### Doctors jailed

Two doctors and a chemist from North London were jailed for 18 months for fraud in connection with prescriptions.

### Gromyko talks

Soviet Foreign Minister Adrei Gromyko met President Giscard d'Estaing in Paris, and had further talks with French Foreign Minister Jean Francois-Poncet which were described as "frank, serious and thorough."

### Briefly . . .

West German Opposition leader Franz Josef Strauss flew to London for talks with Margaret Thatcher.

*President Tito's critical condition had "somewhat eased," his doctors said.*

Fire at the Bury Free Press newspaper offices in Bury St. Edmunds, Suffolk, is being treated as arson.

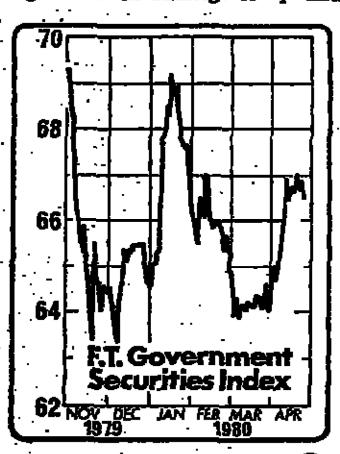
### PUBLISHER'S NOTICE

The Financial Times *apologises for errors* contained in this issue which are due to difficulties in the reading department.

### BUSINESS

## Gilts off ½; Gold up $15

● GILTS *fell on Middle East anxieties*, medium longs showing falls extending to ½ and




shorts' losses stretching to ⅜. The Government Securities Index fell 0.32 to 66.48. Page 40

● EQUITIES were similarly influenced but steadied later. The FT 30-share index closed 0.4 down at 434.8 having fallen 2.7 at 2 pm. Page 40

● DOLLAR eased to DM 1.8180 (DM 1.8225) and its trade-weighted index was 87.4 (87.7). STERLING advanced 10 points to $2.2655, but its index was unchanged at 73.5. Page 32

● GOLD rose $15 in London to $522.5. Page 32

● WALL STREET was up 6.48 at 795.73 before the close. Page 33

● FINANCIAL institutions' investment overseas has risen sharply following the ending of exchange controls last year. Page 6

● WESTERN BANKERS have been invited by the Polish Government to participate in a new Euro-currency loan. Back Page

● NATIONAL HOUSE Building Council survey shows that 40 per cent of new house buyers consider workmanship on their homes to be poor. Page 7

● BL CARS workers at Longbridge voted to end their strike called in protest at new conditions of employment. Page 9

● NATIONAL NUCLEAR Corporation's new chairman is to be Mr. Denis Rooney, an executive vice-chairman of British Insulated Callender's Cables, Back Page

### COMPANIES

● SHELL UK, one of the most active North Sea operators, expects to pay £9.5bn in oil taxes over the next five years. Back Page

● C. Y. TUNG'S £113m bid for Furness Withy is not to be referred to the Monopolies and Mergers Commission. Back Page

● GRATTAN WAREHOUSES, the mail order concern, had pre-tax profits of £4.45m in 1979, down £6.83m. Sales rose by 22.5 per cent to £215.4m. Page 24 and Lex, Back Page

● TOOTAL, the thread and textiles group, reported 1979 pre-tax profits down £6.46m to £14.64m on sales of £390.44m (£401.38m). Page 28 and Lex, Back Page

● HOOVER, the domestic appliance manufacturer, shows a first quarter 1980 pre-tax profit of £1.77m compared with a loss last time of £0.62m. Page 24

● DUNLOP Holdings, the rubber and tyre group, saw 1979 pre-tax profits fall £17m to £29m. Page 24 and Lex, Back Page

● BRITISH-AMERICAN Tobacco has booked 2,000 poster sites thorughout the UK to promote its State Express 555 brand. Page 7

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | | |
|---|---|---|---|---|---|
| | | | Western Mining | 195 | + 5 |
| Cawoods | 182 | + 6 | Winkelhaak | £12 | + 1 |
| Dunlop | 58 | + 3 | | | |
| Finlay (J.) | 83 | + 6 | FALLS | | |
| Furness Withy | 410 | + 27 | Treas. 9½pc 1983 | £87$\frac{5}{16}$ | − ⅜ |
| Haden Carrier | 117 | + 13 | Treas. 7¾pc '12-15 | £62⅜ | − ¼ |
| Hambro Life | 192 | + 6 | Asscd. Dairies | 182 | − 8 |
| Hambros | 386 | + 11 | Debenhams | 72 | − 5 |
| Modern Eng. Bristol | 30 | + 4 | Fogarty (E.) | 64 | − 4 |
| Owen Owen | 120 | + 5 | Foseco Minsep | 148 | − 8 |
| Tootal | 26 | + 2 | Intnl. Thomson | 387 | − 18 |
| Vickers | 119 | + 5 | Linfood | 135 | − 8 |
| Ashton Mining | 119 | + 7 | Pearson (S.) | 210 | − 4 |
| Conzinc Riotinto | 248 | + 10 | Perry (H.) | 146 | − 9 |
| Doornfontein | 563 | + 32 | Sainsbury (J.) | 290 | − 10 |
| General Mining | 715 | + 55 | Status Discount | 54 | − 3 |
| Northern Mining | 110 | + 10 | Steetley | 170 | − 8 |
| President Brand | £17 | + 1 | Tesco | 57 | − 4 |
| *SA Land* | *274* | *+ 18* | *Vosper* | *128* | *− 7* |
| S. Pacific Petroleum | 775 | + 50 | Burmah Oil | 204 | − 7 |
| Stilfontein | 739 | + 32 | Shell Transport | 338 | − 8 |

## Tehran moves assets ● Kuwait-Japan oil deal

# Foreign Minister of Iran threatens oil ban on West

BY OUR FOREIGN STAFF

MR. SADEQ QOTBZADEH, Iranian Foreign Minister, threatened yesterday to stop any oil reaching the West if the U.S. attempted to black Iran's oil exports.

*He declared that Iran had* asked the Soviet Union for assistance in clearing access to her ports if the U.S. were to blockade them with mines.

The status of Mr. Qotbzadeh, a personal rival to President Abol-Hassan Bani-Sadr in a régime where authority still lies with Ayatollah Khomeini, remains unclear.

The U.S. *trade sanctions*, to which the European Community gave its support earlier this week by declaring a May 17 deadline for joining an embargo, do not include cutting of Iranian oil exports.

From Iran's point of view Mr. Qotbzadeh's statement could be counter-productive in undermining the sympathy felt by Arab and Islamic States of the region, who are united in their opposition to intervention by the super-Powers.

In particular, it is likely to provoke a strong reaction from Iraq. The two neighbours are locked in a serious dispute because of Tehran's allegations about Baghdad's backing for *attempts to sabotage oil production* in the Khuzestan fields, and Ayatollah Khomeini's call to the Iraqi people to overthrow their Boathist leadership.

Iran could effectively control the strategic Straits of Hormuz, through which passes 60 per cent of the Western world's oil, and such a blockade might trigger a major confrontation *with the region's other main* oil-producers, Saudi Arabia, Iraq and Kuwait.

"If sanctions or anything else keep Iranian oil from leaving the Gulf, no other nations would be able to ship any oil through the Gulf," Mr. Qotbzadeh said.

Asked if Iran would stop Iraq exporting, he replied: "Yes."

Iran's State radio quoted him as saying: "If these gentlemen mine our (maritime borders) or stop export of our oil, there's no reason that we should allow the export of oil from the Persian Gulf.

"We can also close the whole Persian Gulf at any cost."

Iran has the largest navy and *air force in the region, not* counting the U.S. task force which has been operating in the Gulf of Oman since the crisis began in November.

Iran has already reacted to the threat of sanctions from the West by seeking closer economic ties with the Soviet bloc.

She stopped oil shipments to Japan and West Germany, though Japan has moved quickly quickly to make up the loss.

Japanese oil companies have signed contracts for an additional 70,000 barrels a day of crude from Kuwait.

But the decision of the EEC and Japan to join diplomatic and possibly economic sanctions against Iran if there is no more progress on the hostages' release has, in the view of a senior White House official,

Continued on Back Page

The Iran crisis, Page 4

# Pym visit to Saudi Arabia cancelled

BY RICHARD JOHNS

A VISIT to Saudi Arabia next week by Mr. Francis Pym, Secretary of State for Defence, has been cancelled at Riyadh's insistence because of the strain in diplomatic relations caused by the screening *of* the ITV film "Death of a Princess."

A state visit to Britain by Saudi Arabia's King Khaled has also been called off. It was planned for June but never formally announced, officials in Whitehall confirmed yesterday.

No official announcement of the cancellation has been *made by the UK* or the Saudi governments.

The Kingdom's silence on the subject is seen by diplomats as an indication that it does not want to intensify the quarrel. Its request that Mr. James Craig, British Ambassador to Saudi Arabia, be withdrawn is seen as a measured response in protest against the showing of the Associated Television dramatised documentary.

The Saudi action is now regarded by observers as *motivated* largely by domestic considerations.

The British Government hopes Mr. Craig, who is expected back in London at the weekend, will be able to return to the kingdom after a few months when Saudi Arabia finally sends an ambassodar to London, a post vacant since last July.

*The UK is involved* in the kingdom's defence programme through a government-to-government contract renewed in 1977 for a second five-year period, whihc should eventually be worth well over £500m. Under the supervision of a team from the Min istry of Defence, the British Aerospace Corporation is responsible *for aircraft maintenance*, technical back-up, flying instruction, English tuition, civil engineering consultation and the provision of medical services.

In addition, Cable and Wireless, under a deal worth £200m, is engaged in design, implementation, installation, operation and maintenance of a comprehensive communications system for the National Guard.

● About 25 countries have bought the rights to screen Death of a Princess.

Background Page 4, Parliament Page 9, Editorial commonet, Page 22

# Largest rail union rejects offer of 20%

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL'S hopes of securing the major productivity improvements it needs to win greater Government support for the industry were dealt a severe blow yesterday. The largest rail union, the National Union of Railwaymen, rejected a 20 per cent pay and productivity deal.

The union's surprise rejection of the offer throws into the melting pot the BR board's "breakthrough" on productivity which is central to the deal.

The Government has repeatedly insisted that improved productivity is the key to any higher central funding of the industry.

When union leaders agreed to the deal last week, the board thought it had finally won a firm commitment from the unions to far-reaching changes, particularly *in the freight, parcels and* administrative services.

Sir Peter Parker, BR chairman has warned that if the board could not get the vital changes in the freight business by agreement then "we will get them by closing down on recruitment."

"He admitted this was the "blunderbuss" approach," but said that since the target of the productivity talks was a £60m cut in freight expenditure by 1983 through improved efficiency, BR could not afford to fail.

Mr. Cliff Rose, BR board member for personnel, said he was "very disappointed" with the NUR's rejection. The room for manoeuvre by the board was "virtually nil," he added.

The general secretaries of the NUR, the train drivers' union ASLEF and the white-collar Transport Salaried Staffs' Association, who have already accepted the deal, will meet this morning.

Throughout the current negotiations, the three unions have unusually managed to maintain a common front. Today, the NUR will try to convince the others of the need to press the board to improve the offer in fresh negotiations.

BR yesterday offered to meet the unions on Tuesday, but this meeting could be brought forward if today's talks reach any agreement.

The NUR executive voted by 21 to 6 to reject the two-stage

Continued on Back Page

# U.S. banks raising $800m credit to rescue Hunts

BY JOHN MAKINSON IN NEW YORK

A GROUP of leading [illegible] is assembling a cre[illegible] around $800m to help the Hunt brothers of Texas to meet losses sustained at the time of the collapse in silver prices earlier this year.

The credit has the apparant approval of Mr. Paul Volcker, chairman of the Federal Reserve Board, who have been deeply concerned by the effects of the silver crisis on both Wall Street and the silver market.

Banks had earlier been reluctant to go ahead with the rescue, fearing it might contravene Federal Reserve guidelines designed to avoid financing purely speculative commodity holdings.

Mr. Henry Reuss, chairman of the House Banking Committee, said in Washington yesterday that he had sent a telegramme to Mr. Volcker, at present in *West Germany for the IMF* meeting, informing him of the move.

The Fed had no comment to make yesterday on any aspect of the rescue.

The credit is being arranged by major banks in New York, Dallas, and Chicago for Placid Oil, a company which holds assets in trust for the heirs of Nelson Bunker Hunt and his brother, W. Herbert Hunt. These Texan oil billionaires accumulated enormous silver holdings before the recent collapse, and are now in financial difficulty.

A family source said yesterday that Placid Oil is expected to use the credit to buy silver from the Middle Eastern partners of the Hunt brothers. It may then employ the silver to back an issue of bonds by Placid. The proceeds of this issue could be used to repay the credit line.

The family said Mr. Elvis Mason, *chairman of* First National Bank of Dallas, is leading the credit negotiations.

Banks have been working on the deal for between six and eight weeks. The price of the silver, which will be transferred to Placid Oil, should be decided by a formula at the time of the loan signing.

Ever since the collapse of the silver market on March 27, the Hunt brothers have been scrambling to realise assets and cover their silver positions.

The family hopes to transfer to Placid Oil some of its oil exploration permits in Canada's Beaufort Sea. It has pledged 20 per cent of these holding to Engelhard Minerals and Chemicals Corporation as part payment of a contract. That 20 per cent alone is estimated to be worth around $300m.

The Beaufort Sea transfers have been held up, however, by a Canadian court injunction *obtained by British Petroleum*, whic his owed £17m by the Hunts.

# Young leads accounting venture

BY MICHAEL LAFFERTY

A MAJOR new European accounting group is being formed by Arthur Young, one of the "Big Eight" U.S. and international accounting firms, and leadin gfirms in Germany and the Netherlands. The new firm, to be known as AMSA Group, would have gross fees in Europe this year in excess of $225m. Worldwide revenues are said to exceed $650m.

AMSA Group will include Moret and Limperg, the second largest accounting firm in the Netherlands; Arthur Young McClelland Moores, one of the 10 largest in the UK; ATAG, about the largest firm in Switzerland; Schitag Schwaebische Treuhand, about the third largest firm in Germany, and leading firms from Scandinavia.

The new group is being formed to provide Arthur Young with greater competitive edge in the rapidly expanding market for accounting services in Continental European countries, such as Italy, Belgium, France and Germany.

This is primarily the result of the EEC's company law harmonisation programme, which is introducing the group audit to most companies in these countries for the first time.

At the same time it is intended to protect the existing clients of the European firms against increasing competition from other major international accounting firms.

The move comes after the formation last year of KMG, a giant new European-dominated accounting group, which now appears to be developing into an international group bigger than virtually all other members of the "Big Eight."

Apart from the member firms of KMG, AMSA and BDO, the first European accounting group of this nature, there are now very few major European accounting firms which have not become part of one of the 10 or so dominant international accounting groups. Nevertheless, other major Anglo-Saxon firms such as Peat Marwick Mitchell are still known to be seeking suitable partners in a number of European nations.

All of the firms in the new group have lareedy been closely associated with Arthur Young with the exception of Moret and Limperg and Schitag.

# Lonrho seeks higher Fraser dividend

BY JOHN MOORE

LONRHO, the international trading conglomerate, is attempting to force House of Fraser, the Harrods department store group, to raise its final dividend rom 4p to 6p net per share. Lonrho is the largest shareholder in the stores group.

Lonrho intends to make its move at the annual general meeting of House of Fraser on June 19. In what promises to be a lively meeting Lonrho has réquisitioned a special resolution proposing a final dividend *of 6p instead of the 4p recom*mended by House of Fraser's board.

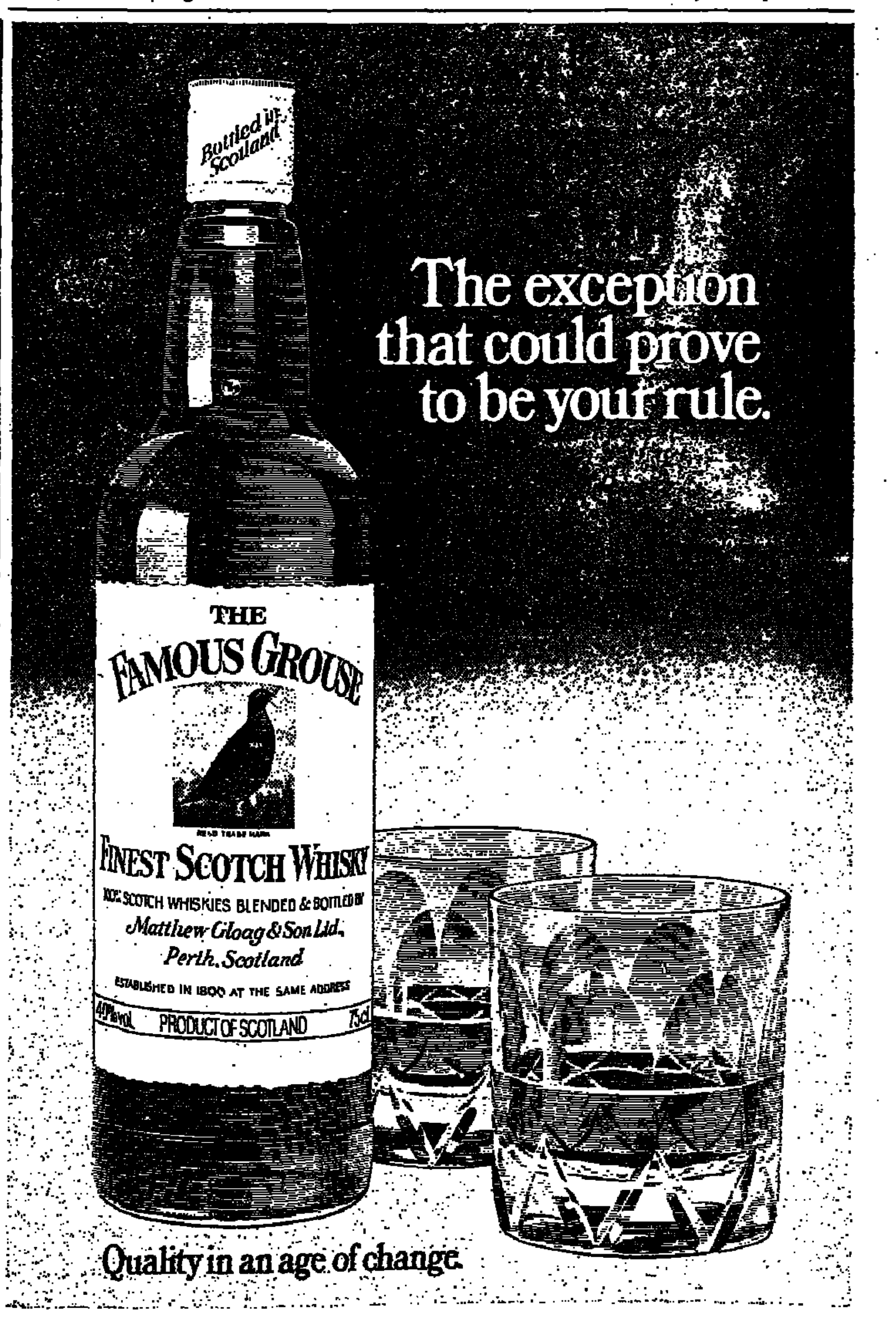
House of Fraser said yesterday that the terms of Lonrho's special resolution will be circulated to shareholders with the report and accounts. "If received in sufficient time," the group added, Lonrho's reasons will be circulated.

*House of Fraser added that* the board "confirms its recommendation of a final dividend of 4p per share and shareholders will be fully informed of the board's reasons for this recommendation well in advance of the annual general meeting."

Lonrho, which holds a 29.99 per cent stake in House of Fraser, said yesterday that "we consider our recommendation is highly responsible," and added, "*it is a matter of principle.* All shareholders deserve a better return."

House of Fraser, whose pre-tax profits for the year ending in January 1980 fell from £40.5m to £37.1m, said that although it had hoped its accounts would be posted this week, its printers had been affected by an industrial dispute. The group added that the report and accounts and all related documents will be posted within the next two weeks.

On the London stock market *Lonrho's shares fell 3p to 84p* while House of Fraser's shares were down 3p to 136p.




## CONTENTS



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SUBSTITUTION ACCOUNT TAKES A BACK SEAT

# OPEC surpluses top agenda

BY JONATHAN CARR AND JUREK MARTIN IN HAMBURG

WITH THE proposed dollar substitution account apparently consigned to indefinite cold storage, Finance Ministers from the main industrialised countries are expected to focus their attention today on ways of re-cycling the vast surpluses of the members of the Organisation of Petroleum Exporting Countries to relieve pressure on the economies of less affluent nations.

Meeting under the aegis of the policy-making Interim Committee of the International Monetary Fund, the Ministers are now thought likely to wrap up their deliberations in a single session.

Debate on the substitution account was to have been the major item on the agenda, but last night Ministers of the group of ten main countries agreed to instruct the IMF staff to continue work on the account. But, as Sir Geoffrey Howe, the British Chancellor said, in noting that no deadline for this work had been set, the pace was unlikely to be "electrifying." No official would admit that the scheme was dead.

The most that is likely to be accomplished is to authorise M. Jacques de Larosiere, the IMF's managing director, to conduct negotiations with OPEC nations with a view to establishing some form of new recycling next year. IMF officials believe such a commitment could be valuable in view of the long lead time to set up any new arrangements and the belief that the need for additional financing will be more acute in 1981.

The Ministry will also be debating a long list of demands from the developing nations seeking more credit on softer terms. They may agree, if only in principle, to consider ways of reducing the interest payments for IMF creditors. However, a subsidy account to this end and financed by sales of the IFM's own gold holdings not favoured by the main industrialised countries.

Herr Rainer Offergeld, West Germany's Development Aid Minister, said after yesterday morning's meeting of the Development Committee, representing rich and poor countries, that the experimental World Bank scheme to lend money over longer terms for economic purposes, rather than for specific projects, might be given formal approval.

He suggested that this facility could total $700m-$800m this year and that the provision of World Bank loans would spur developed nations to increase their bilateral aid.

The general caution that has descended on Hamburg is born of the twin recognition that the international monetary scene has changed radically in the past six months with the dollar's recovery and that financing problems will not be severe for at least another 12 months. In the meantime, the IMF's current high level of liquidity should more than meet demands.

There is unanimity of view that the world economic outlook, another important item on today's agenda, is sombre to put it mildly. The industrialised countries face the prospect of no better than 1.5 per cent real growth this year, and the U.S. and Britain confront recessions of varying dimensions, with any recovery in 1981 modest at best.

At the same time, it is thought that reduction in prevailing rates of inflation is likely to be gradual, though it should remain the prime target of governments regardless of any contraction in economic activity.

Nevertheless, the consensus o feconomic analysis among the main countries cannot disguise that the exent of the U.S.' lack of enthusiasm for the substitution account has taken some nations here by surprise. West Germany, in particular, was prepared to endorse the account at this meeting of the U.S. took the lead, but reportedly sharp exchanges between Herr Matthoefer and Mr. William Miller, the U.S. Treasury Secretary, on Wednesday night, quickly dispelled any optimism.

U.S. officials emphasis, however, that Mr. Miler's objetcion is not to the concept but to its practical workings, as painstakingly and provisionally drawn up in the IMF board over the past six months. The U.S. view is that Congress would never sanction contribtuions to a scheme in which the U.S. might have been seen to bear a disproportionate share of the exchange rate risk.

But, officials add, such reservations should come as no surprise since they were frequently raised by Mr. Sam Cross, the U.S. executive director, at IMF board meetings.

Nevertheless, the probability that this Interim Committee meeting will come up with few initiatives has increased speculation here that President Giscard d'Estaing of France will use another forum—the big power economic summit in Venice in June—to propose his promised radical reform of the international monetary system.

This prospect is viewed with some alarm by other leading nations represented here, most of whom profess to have no idea what President Giscard has in mind.


# Belgium warned on devaluation

BY GILES MERRTIT IN BRUSSELS

**THE DAMAGE that a devaluation of the Belgian franc would do to the country's economy has been spelt out by Mr. Cecil de Strycker, governor of the National Bank, in a warning apparently geared to the public debate taking place on Belgium's worsening economic outlook.**

**Mr. de Strycker, as head of the semi-autonomous central bank, has in recent years been responsible for intervening to defend the franc against successive speculative raids in the foreign exchange markets.**

**Now, listing the "pernicious effects" of devaluation, he says that however tempting devaluation might seem in the light of Belgium's balance of payments deficit, a 10 per cent devaluation could mean virtually zero growth this year. The payments deficit could widen this year to BFr 180bn (£2.7bn) from BFr 120bn in 1979. Mr. de Strycker said Belgium's 1980 growth in gross national product of up to 2 per cent could be wiped out by increased oil import costs.**

**His forthright defence of the franc's present parity, despite its often vulnerable position inside the European Monetary System's grid, coincides with the departure of the Belgian Finance Minister, Mr. Gaston Geens to the Hamburg meeting of the International Monetary Fund. There have been reports that Belgium may seek IMF assistance.**

# Last-minute bid to halt major Swedish strike

BY WILLIAM DULLFORCE IN STOCKHOLM

OFFICIAL MEDIATORS were closetted with public sector employer and union representatives yesterday evening in an effort to stop a midnight strike by 14,000 key employees which would stop all airline traffic in and out of Sweden, halt the Stockholm underground and curb other rail traffic. It would also affect hospitals and radio and television.

State and local authority organisations will react by locking out 12,000 employees but, more significantly, the public sector action could spread into the biggest industrial conflict in Sweden since 1909.

The blue-collar unions yesterday gave notice of selective strikes by nearly 100,000 workers from May 2 after their federation, the LO, had rejected on Wednesday a 1.3 per cent pay offer to private sector workers from government-appointed mediators. The federation had been seeking 11.3 per cent.

The Swedish employers' association, SAF, decided early yesterday to lock out 750,000 workers for a week after the LO had broken off negotiations and resumed its overtime ban.

The coalition non-Socialist Government has declined to intervene. Nor would it modify the price freeze and tax cuts offer it outlined last month to ease the way to a national wages settlement. However, it clarified details of the offer for the unions yesterday. There were hints from the Budget Ministry that the economy could afford a slight improvement in the pay offer to 1.5-2 per cent.

The compromise submitted by the mediators in the public sector talks yesterday was understood to be on the same scale as the 1.3 per cent offer rejected by the LO. The public sector unions have demanded 12-13 per cent.

# Inconclusive farm talks 'a disgrace to EEC'

BY MARGARET VAN HATTEM IN BRUSSELS

THE VERDICT on this week's meeting of European Community Agriculture Ministers in Brussels, from the chairman of the meeting down, was that it was a disgrace. "It's the worst meeting we have ever had to sit through."

The Ministers of the Community's Farm Council, already one month behind schedule in fixing farm prices for 1980-81, admitted after more than 30 hours of negotiations that they had made no progress at all.

With farm spending rapidly swallowing more of the Community's budget, the European Commission has proposed this year to raise farm prices by an average of 2.4 per cent, which would add an estimated 1.1bn European currency units (£670m) to the farm budget, but only if the Ministers agree on levies aimed at cutting back surplus milk production, which would bring in revenues of about 700m ECU.

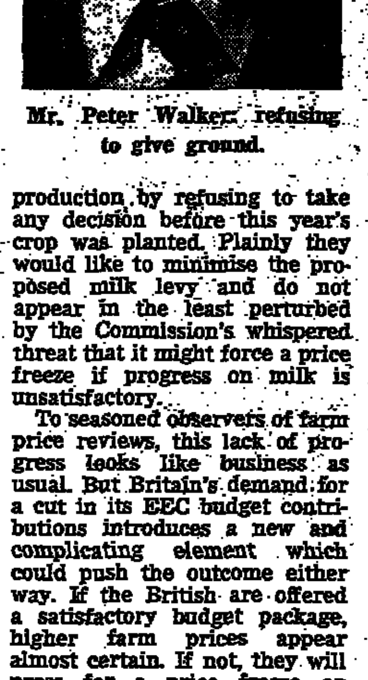
The Ministers are in no hurry to make up their minds, or even to state precisely what they want. But it is already clear that the French, Belgians and Irish are intent on a 5 per cent price rise, that few if any other countries will ultimately resist this and that no one will accept

The main resistance to price rises comes from the British, for whom every 1 per cent price [illegible] costs at least 16m ECU to [illegible] contribution to the EEC [illegible]. The Danes and Germans favour low price increases but are not prepared to fight the French. The Commission is ready to give way on prices if it can salvage its unpopular dairy reforms. Even the British may yield if the Heads of Government agree before the price-fixing to give Britain a substantial rebat eon its contributions to the EEC budget.

Unless someone comes forward to champion the European consumer and slay the agricultural dragin, the prospect is of a 5 per cent price rise which would add 1.7bn ECU (£1bn) to the farm budget, would cost EEC consumers 4.1bn ECU, would raise farmers' incomes by 4.1bn and would result in a net economic the proposed milk levies loss to the EEC of 1.4bn over the next year.

These costs may be partly offset if Ministers accept some form of increased milk levy, but as this week's Farm Council demonstrated, each is intent on shifting the burden of this tax to his EEC partners.

Earlier this year, Ministers sabotaged the Commission's proposals to cut surplus sugar



Mr. Peter Walker: refusing to give ground.

production by refusing to take any decision before this year's crop was planted. Plainly they would like to minimise the proposed milk levy and do not appear in the least perturbed by the Commission's whispered threat that it might force a price freeze if progress on milk is unsatisfactory.

To seasoned observers of farm price reviews, this lack of progress looks like business as usual. But Britain's demand for a cut in its EEC budget contributions introduces a new and complicating element which could push the outcome either way. If the British are offered a satisfactory budget package, higher farm prices appear almost certain. If not, they will press for a price freeze on major products which would almost certainly block an agreement, bringing an effective total price freeze.

President Giscard d'Estaing of France, possibly foreseeing this, pressed hard this week for a commitment from the Farm Ministers to a 5 per cent price rise ahead of this weekend's EEC summit in Luxembourg. This, his Ministers argued, was an essential precondition to progress on Britain's budget demands.

But, to the intense chagrin of the French, the Farm Ministers refused to say more than "a large majority favour bigger price rises than the 2.4 per cent proposed by the Commission" —largely because of the dogged refusal of the British Agriculture Minister, Mr. Peter Walker, to give ground.

Mr. Walker has not forgotten the stormy reception he was given by the British public last year when he yielded to pressure for higher farm prices. He is determined that this year, if the UK Government gives way, it shall be the responsibility of the Prime Minister, Mrs. Thatcher. He may still be smarting from their recent exchange in which she is reported to have said: "I hear the French are still walking all over you, Peter."

But he has prepared some of the ground. The Government, he says, currently insists on a price freeze for milk, wine and sugar, but no longer on beef, of which the EEC currently has a 240,000 tonne stockpile, nor on cereals, of which the common wheat surplus stands at 1.4m tonnes, barley 80,000 tonnes, rye 400,000 tonnes and hard wheat 140,000 tonnes. And Mr. Walker does not rule out further concessions.

The Farm Ministers did achieve one thing at their meeting. They removed part of the franchise which prevents Britain from taxing food imports until sterling has risen more than 1.5 per cent above the green pound.

The exchange rate used to convert EEC common prices into sterling. In future the gap will be 1 per cent as for other EEC members who, unlike Britain, belong to the European Monetary System. This means that Britain's food import taxes are likely to be reintroduced

# Steel issue may upset Saar vote

By Roger Boyes in Bonn

THE SAARLAND, one of West Germany's key coal and steel producing regions, goes to the polls at the weekend to elect a new state parliament. The voting will provide a number of signals about the public of the relative performance of the federal and state governments.

The 800,000 voters will clearly use the opportunity to express their view of Bonn's international and economic policies —especially the Government's increasing support for the steel industry. But at the same time, specific regional factors—such as state investment—will come into play.

The most important issue for many Saarlanders is steel, and this could contribute to an electoral upset. Last week Bonn allocated DM 100m (£24.19m) worth of repayable grants towards the construction of a new pig iron works and a coking plant in the Saar—a move expected to save several thousand jobs.

The aid has come from the Federal Government, a coalition between hte Social Democrats (SPD) and Free Democrats (FDP). But the state government of the Saarland is a Christian Democrat-Free Democrat Coalition, the only on of its kind in Germany.

# Inflation up as French protest

BY ROBERT MAUTHNER IN PARIS

WIDESPREAD STRIKES in the French public sector yesterday in protest against falling living standards and rising unemployment coincide with the announcement of another sharp rise in inflation.

A day of action organised by the Communist-led General Confederation of Labour (CGT), France's biggest trade union, brought tens of thousands of demonstrators out on to the Paris streets.

The main teachers' union also organised a strike, backed by 50 to 65 per cent of its members in primary and secondary schools in the Paris region, and other demonstrations and stoppages were reported from the provinces including Marseilles, Nice, Bordeaux and Toulouse.

The workers' discontent was underlined by the publication of the latest cost-of-living index, which showed that consumer prices had risen by 1.2 per cent in March after increases of 1.9 per cent in January and 1.1 per cent in February. This brings the annual rate of inflation, based on the results of the first quarter of 1980, to 16.8 per cent, though prices have risen by no more than 13.7 per cent over the past 12 months.

The increase in the cost of living last month was due mainly to the rise in energy prices (2.2 per cent) and substantial rises in the prices of clothing, tobacco, motor-cars and services.

Nor is any slowdown in inflation expected before the summer, given the strength of the franc against the dollar. This is expected to lead to another increase in the domestic price of oil products within the next few days.

The authorities nevertheless hope to keep the rate of inflation for the calendar year 1980 down to 13 per cent, against 11.8 per cent in 1979. The forecast is based on the hope that the second half of this year will bring some respite on the prices front and there will be no further increase in oil prices this year by the Organisation of Petroleum Exporting Countries.

# Narrow win for workers' plan

BY TERRY DODSWORTH IN PARIS

THE SECOND stage of the French Government's controversial plans to extend worker participation in industry has won only a narrow parliamentary victory after several desertions by members of the ruling majority.

In the first stage of its two-part project, a proposal for additional free share distributions to workers, the Government carried a comfortable majority.

This followed a behind-the-scenes deal between the Gaullist RPR Party and the UDF members supporting President Giscard d'Estaing designed to cover over the differences which split the two parties on the budget proposals late last year.

The second part of the project, proposed by the RPR, was carried but some members of the UDF voted against it and several Gaullists abstained.

These strains in the ruling alliance have emerged because of the radical nature of the proposals. The RPR, which regards itself the guardian of General de Gaulle's ideas on participation, originally proposed that all workers should be eligible for election to a company's board.

But this was abandoned at the last minute to give only managers the right of election, and only in companies with more than 500 employees.

Under the proposals, the right of the workers to elect representatives to the board will come through the gradual expansion of their own shareholding interest in the company.

# Bonn warns on costs of jet fighters

By Our Bonn Staff

SOARING PRODUCTION and development costs of new military aircraft are seriously undermining West Germany's attempts to increase its contribution to NATO. Herr Hans Apel, the Defence Minister, and Herr Martin Gruener, State Secretary of the Economic Ministry, have appealed to the aerospace industry to try to cut costs, thus freeing more government funds for military and civil projects.

Herr Apel said yesterday that the spiralling costs of projects such as the Tornado combat aircraft were putting pressure on Germany's defence allocation. The costs of Tornado, developed jointly by Britain, Germany and Italy, had increased by 140 per cent over the past decade.

The financal difficulties might also affect the new tactical combat aircraft planned by Britain, France and Germany, involving developments costs of DM 10bn (£2.4bn) said Herr Apel.

Cost problems are clearly causing concern to the Government in the civil sector as well. Herr Gruener says that besides substantial exchange rate assistance, the State is paying DM 200m annually towards the development of the Airbus A310 and DM 15m for improvement in the A300 series.

ENERGY REVIEW: USES FOR COAL

BY DAVID FISHLOCK

# Shell's chemical feedstock from coal

IF YOU'RE not careful you can end up making some very expensive water, a Dutch scientist warned drily of one of Royal Dutch Shell's most spectacular research investments. His company has just disclosed that it is spending £170m—much of it already fully committed—in developing and demonstrating a new way of using coal to make a clean chemical feedstock and fuel for its refinery operations.

To quote the annual report of Shell Transport and Trading, published last week, "total Shell expenditure in developing the process so far is some £50m, with a similar amount to be spent during the next four to five years. In addition, the Moerdijk gasifier will require capital investment of about £70m." Shell executives say they expect to build one or two more "prototype commercial" plants of the size of the Moerdijk project in Holland before they can confidently recommend the new technology to their refineries worldwide.

Could gasification be another venture like nuclear reactors, with which Shell had a brief, £300m-plus flirtation in the mid-1970s. Certainly it is another bold attempt to diversify out of oil. The rationale is that Shell's refineries will begin to need a new feedstock within about 15-20 years. Oil may still be available for another 50 or 70 years but it won't necessarily be accessible politically, and it certainly won't be cheap.

But gasification differs from the nuclear excursion in some significant ways. This time Shell is not trying to buy its way into a reactor technology of which it knew nothing, and where the technology was inadequately developed. Rather, it is building upon a reactor technology with which it is already very familiar. Moreover, it is doing so not with the aim of marketing a new product but in order to fulfil a need of its own.

STEPS TOWARDS A COMMERCIAL SHELL-KOPPERS PROCESS

| Stage | Coal throughput (tonnes per day) | Location | Comments |
|---|---|---|---|
| 1. Micro-reactors | milligrams | Amsterdam labs | — |
| 2. Pilot reactor | 6 | Amsterdam | Making 200-030 hour runs |
| 3. Demonstration reacto | 150 | Hamburg | Still waiting for continuous 200-hour run. |
| 4. Commercial prototype reactor | 1,000 | Moerdijk | Planned for operation in 1984. Shell may build 2 or 3 of this size, using different downstream configurations. |
| 5. Commercial reactor | 2,500 | ? | Seen as twin-reactor "modules". |

Shell already has a well-established catalytic technology for gasifying oil at high pressures. In 1974 it joined forces with Koppers, the German chemical plant contractor, to combine its experience with that of a company knowledgeable about gasifying coal at low pressures. The aim was a new process for making a fairly rich gas at high pressures, to be known as the Shell-Koppers process.

Shell had the research resources—last year the group spent £202m on research and development—and speedily determined the need for a new catalyst. The project was launched at its Amsterdam laboratories, the largest research centre in the Shell group. Koppers contributed the experience which had helped provide Germany with a peak flow of 100,000 barrels a day of oil made from coal during World War II.

In The Hague another important Shell institution—the manufacturing development division—is also playing a pivotal role by auditing the Shell-Koppers process. The division bridges the chasm between research laboratories and manufacture for the group. It defined the objectives the group wanted the Shell-Koppers process to meet, and monitors progress towards them.

The criteria included manufacture of a clean feedstock, independent of the kind of coal used to make it, capable of being operated in "modules" commensurate with its refinery operations (say, the equivalent of 50,000 barrels a day), and making minimal environmental impact with its emissions and effluents. These criteria dictated a search for a gaseous rather than a liquid feedstock, made at an efficiency better than 50 per cent.

On a sprawling research site on the banks of the Amsel in Amsterdam, Shell has been demonstrating the process born of this partnership for over three years. Its pilot plant can consume coal at the rate of up to six tonnes per day. Its entrained-bed gasifier turns the coal into a "synthesis" gas composed of over 90 per cent hydrogen and carbon monoxide, very low in carbon dioxide—an excellent starting point for such chemicals as methanol or glycol, or for making petrol.

At the heart of the Amsterdam plant is a reactor fed continuously with finely crushed coal—injected much as liquid fuel is squirted into the cylinder head of an engine—together with the same weight of pure oxygen. Within a cavity only about six inches across the fuel burns in a fireball hot enough to melt steel—1,500 deg. C—and under pressures 30-40 times higher than the pressure outside.

From the inferno of the reactor issues two streams: gas and molten ash (slag). The gas is cooled, and scrubbed free from dust and traces of containments such as hydrogen sulphide. The temperature at which it is made, however, is high enough to guarantee freedom from organic impurities such as phenols, the scientists say. The jet-black glassy fragments of slag—black because they are rich in iron—can be used as a building or road-making material. But Shell's metals division is examining it a sa potential source of raw materials. As one Dutchman remarked, coal itself contains almost the entire periodic table of elements.

When the pilot plant had achieved what Shell decreed as a satisfactory performance—a continuous run of 200 hours—the green light was flashed for another project, planned almost in parallel. Towering for 60 metres on the bank of the Elbe at Deutsche Shell's Harburg refinery near Hamburg is a tall tangle of pipework framed between green girders.

The reactor for this demonstration gasifier is designed to burn coal at a rate of 150 tonnes per day, under conditions closely similar to those of the pilot plant. Here a TV camera can peer into the fireball, so that operators can satisfy themselves that the slag droplets are flowing freely. "Then we know we have stable operation." says Dr. G. J. van den Berg, in charge of the manufacturing development division at the Hague.

Dr. van den Berg admits that the performance of the Harburg demonstration plant has been disappointing.

It was a turnkey contract built by Koppers but cost about 50 per cent more than Shell was quoted for, partly because of design changes during construction arising from the research in Amsterdam, but partly because Koppers underestimated time and cost, says Shell. Reactor performance itself correlates well with results from the pilot plant, giving the engineers confidence that they can extrapolate to much bigger sizes. But operation has been bedevilled by other problems—in one case when personal radio transceivers interfered with control of the process.

Shell management has been showing some impatience with Harburg's erratic performance. Dr. van den Berg says he wants to see 200 hours—about eight days—of uninterrupted operation before he will be satisfied the technology is sound. Only then will he give the green light for the next stage of demonstration. So far five days is the best it has managed and the project is running about a year behind schedule.

Shell has disclosed, however, that the next step will be a reactor burning 1,000 tonnes of coal a day, at its Moerdijk refinery in Holland. The idea is to build it in partnership with the local electricity company, which will take the high-temperature heat for a combined-cycle (gas plus steam turbine) power station. Shell itself will take the synthesis gas as feedstock for its refinery. (At Harburg it is simply being flared).

Shell's estimate of the capital cost of the Moerdijk gasifier is £70m. The Dutch Government has shown interest in putting up cash for this kind of project, although in principle Shell is committed to proceed as a lone venture. Dr. van den Berg estimates that for the refinery to break even on the project at this size of reactor, the plant will have to be subsidised by someone—either Shell Group research or the Dutch taxpayer—to the tune of about 50 per cent of the investment. Shell believes that it may have to build two or three plants of this size, each demonstrating a different operation downstream of the reactor, before it is ready to offer the package to its refineries worldwide.

Who will build them depends less on their cost than on political considerations. Shell Australia, for example, would like to build one prototype to give the company a more "advanced-technology" image, less vulnerable to charges that Shell is simply plundering the country for a natural resource to use elsewhere. Deutsche Shell, on the other hand, believes it stands a very good chance of securing some of the DM 5,500m. Bonn is making available for coal gasification projects.

The Shell-Koppers plant at Harburg, West Germany.

The ultimate commercial package for which Shell is aiming is a "module" consisting of twin reactors, each consuming 2,500 tonnes of coal a day. Shell believes it will be ready to commission plants of this size towards the end of the 1980s, at a cost which it claims is now looking "very competitive."

Will Shell and Koppers remain partners in the Shell-Koppers process for gasifying coal? Shell research executives in Amsterdam believe that for all practical purposes the technology is theirs. They are optimistic about the performance of a new catalyst system they believe will improve the efficiency of conversion. They have also been irritated both by the way Koppers—now part of Krupp—performed in building the Harburg plant, and also by its recent announcement of a deal with British Petroleum over its low-pressure but related Kopper-Totzek process, developed in the 1950s. They leave little doubt that, since Royal Dutch Shell's interest in the Shell-Koppers process is in safeguarding the future of its own refineries, not in selling technology, the two groups may soon part company.

Jimmy Burns in Lisbon writes on the anniversary of the revolution

# A lingering return to barracks

TODAY'S MILITARY parade in Lisbon, marking the sixth anniversary of the Portuguese revolution, will remind the Portuguese that what happened on April 25, 1974 was a military coup, even though the soldiers held carnations.

As Gen. Antonio Ramalho Eanes, Portugal's President, reviews his troops, it will also remind them that Portugal's somewhat unsteady progress from virtual anarchy to parliamentary democracy has been dictated less by civilian politicians' intervention than by the trmed forces' willingness to let them intervene.

*Finally, the parade will be a* reminder that in 1980, just as in 1974, Portugal's political future still depends on the power and ambition of the men with guns.

It is appropriate that Gen. Eanes should once again be the central figure in today's "celebrations." He has contributed more than anyone to contemporary Portugal. It was he who, on November 25, 1975, managed to unite a heterogeneous mass of social democrats, socialists, and conservatives against an attempt by the extreme left to impose Western Europe's first workers' state.

Most observers agree that that so-called "coup" stemmed from imaginative newspaper the real facts. But it brought into the open the simmering conflict between President Eanes and the centre-right Government on several issues, the most important being the Council of the Revolution's role.

The 201man council, assuerd a leading part in Portuguese politics by the 1975 constitution companies the President (who is chairman), the chief of staff and his deputy, the three service chiefs, and 14 officers (eight chosen by the Army and three each by teh Air Force and the Navy). The constitution, which cannot be revised until after this October's general election, empowers the council to act as a constitutional watchdog, and *to veto legislation* it judges incompatible with the "spirit of 25 April."

Gen. Eanes, head of the armed forces, has also achieved what is generally described as a "return to barracks," but which could be more accurately a subtle balance of forces between left and right, removing from positions of influence potential trouble-makers on the extreme left and right, like Major Otelo Saraiva de Carvalho and Gen. Antonio Spinola.

But the armed forces are *still far from apolitical.* This week, at one anniversary celebration, 2,180 sergeants pledged their support for the "spirit of the 25 April revolution." And a recent crisis arose after reports that left-wing officers had plotted to oust the Government.

The Council recently vetoed a crucial government law opening up the economy to the private sector for the first time since 1974. The council argued *that the law was unconstitutional,* but the Government was unconvinced. It has returned the law to the council for reappraisal, refusing to give way *on an issue* it describes as the cornerstone of its economic policy.

Throughout the election campaign last November, the Democratic Alliance, the ruling coalition of Social Democrats, Christian Democrats and Monarchists, defended its assualt on the Council of the *Revolution* as *part of its plan* to remove the armed forces from politics. "Until we do that, we will never have true democracy in Portugal," said Sr. Francisco sa Carneiro, the present Prime Minister.

Yet the Prime Minister himself has gone back on his original preference for a civilian head of state, by choosing Gen. Antonio Soares Carneiro to run as the Democratic Alliance candidate against Gen. Eanes in this year's presidential elections.

Gen. Soares Carneiro is one of the fe warmy officers not to have taken an active part in the events surrounding the revolution. His defenders see him as the archetypal "professional" soldier, who will carry on where President Eanes left off and restore discipline to the armed forces

But his opponents point to his "collaboration" with the former dictatorship, and to his virulent anti-Communism, and describe him as a potential "putschist."

Given the unpredictability of Portuguese politics, either view of Gen. *Soares Carneiro* is possible, against the background of legislation soon to be presented to Parliament by Sr Adelino Amaro Da Costa, the Defence Minister.

Sr Da Costa's National Defence Law aims to replace the constitution as the means of defining the armed forces' role within the political system. The draft law gives them the role of protecting "national and international security." This contrasts with the present constitution, which defines their role as the "guarantors of the revolution."

The new laws many critics are worried because national security (as defined by the new

President Eanes: fought off the extreme left.

law) will henceforth be supervised not by parliament but by a semi-military body: the Superior Council for National Defence.

Its composition will differ from that of the Council of the Revolution. It includes ministers, as well as the President and the joint chiefs of staff. Nevertheless, the law stipulates that the council "may, but not necessarily must, include representatives of the opposition parties," which has been criticised as giving "carte blanche" for the arbitrary use of power. As one military com*mentator put it:* "Instead of the Council of the Revolution, we shall then have a council of the right." The chances are that the National Defence Law will meet *stiff opposition in parliament,* as well as the potential veto of the Council of the Revolution.

This will leave the Government if, as expected, it wins October's general election, more determined than ever to revise the constitution.

In the meantime, the armed forces' role will continue to be determine dless by the machinations of the civilians than by the way the army reorganises

Portugal's membership of the North Atlantice Treaty Organisation is important in this respect. Gen. Eanes' determination *to remove the armed forces* from politics has nowhere been more apparent than in the creation since 1976 of Portugal's NATO brigade. The 4,000-strong brigade has become the backbone of the military rationalisation programme since the end of the African colonial wars. (The army has been cut from a peak of about 200,000 to just under 35,000). Re-equipment and re-training by West Germany and the U.S. has helped to turn it into an elite force.

Nevertheless, officers of the brigade, based in Santa Margarida, north of Lisbon, *insist they have not received* enough support from the alliance. Most equipment they receive is second-hand, and none of the men are equipped with the nuclear, chemical *and* biological warefare kit which is standard for most Atlantic alliance troops.

There is deep suspicion, expressed in a recent issue of Portugal's military journal by Lieut.-Colonel Firmino Miguel, the former Defence Minister, that Atlantic alliance members are marking time, waiting for Spain to join with its vastly better organised and better equipped military machine.

These suspicions are not entirely groundless. Western strategists readily accept that Portugal's main contribution is the strategic air strip on the Azores, which it leases to the U.S. As for mainland Portugal, it makes more sense to improve the Air Force and Navy than to concentrate on the Army. One military observer said rather cynically: "By the time the Warsaw Pact reached Lisbon we would probably all be dead."

The problem is not easily solved. On the one hand, the armed forces are lingering on their way back to barracks, looking for a role in post-*empire Portugal's Parliamentary* system. On the other, the Atlantic alliance is increasingly aware of the need to strengthen its southern flank, but lacks resources to *lavish* on *its* weakest member.

# W. German *car output* declines by 8%

*By Kevin Done in Frankfurt*

**After five boom years the e pected weakening of West German car production is becoming apparent. Production in the first quarter fell by some 8 per cent compared *with the corresponding period* of 1979.**

**Car production in March was down by as much as 10 per *cent compared with the* very high level of March 1979.**

**The weakening output is *not seen as a serious cause of* concern in the industry, which regards it as a natural downturn in the cycles after five unexpectdly successful years. The main sectors to be hit are the production of cars with a capacity of about two litres and above, and short-time working has had to be introduced at some plants by important manufacturers, such as Opel and Ford.**

**Some 1,017,600 cars were made in the first quarter compared with 1,106,953 in the first quarter of 1979. Average production in March was up by some 2 per cent, however, compared with the previous month.**

***No general down-turn is* yet apparent, however, in the production of commercial vehicles. First quarter production reached 90,900 vehicles, up 3 per cent compared with a yea rearlier. Production in March also rose 3 per cent above the February level.**

**The West German Motor Industry Federation says domestic demand for cars has weakened significantly, while demand from foreign markets is at a similar level to last year. Foreign demand is still strong for lorries and buses.**

**Total motor vehicle exports in the first three months were ahead of last year's performance. Foreign sales were 2 per eent above the first quarter of 1979.**

# Foreign companies discouraged by Indian regulations

BY K. K. SHARMA IN NEW DELHI

A NUMBER of foreign companies have had to cease operations in India because of the Foreign Exchange Regulation Act, which requires them to "Indianise" their ownership or to close if they are only trading companies.

Figures released by the Department of Company Affairs show that 129 foreign companies closed down in 1978-79. The total number of foreign companies in the country at the end of March, 1979, was 358, as against 473 the previous March. Fourteen new foreign firms started business in 1978-79.

According to the annual report on the working and administration of the Companies Act, the largest representation among foreign companies in India continues to be British. Companies incorporated in the UK in 1979 numbered 189, as against 265 in 1978 and 276 in 1977.

The U.S., next on the list, had 81 companies in 1977 80 in 1978 and 64 in 1979. Japan had 20 companies in both 1977 and 1978, but the number declined to 17 in 1979. There were five West German companies in 1979, as against 11 in each of the two previous years.

Apart from the 358 foreign companies in existence at the end of March last year, there were 782 Government companies, 50,269 non-Government firms (7,893 public limited, 42,376 private limited), 62 companies with unlimited liability and 1,414 limited by guarantee and associations not for profit.

# Four black leaders held by S. African police

BY BERNARD SIMON IN JOHANNESBURG

SOUTH AFRICAN security police have detained four black consciousness leaders and four others in terms of a law which provides for detention without trial of up to two weeks.

Among th efour men taken into custody is Mr. Curtis Nkondo, until recently president of the Azanian People's Organisation which some regard as the successor to the banned Black People's Convention led by Mr. Steve Biko who died in police custody nearly three years ago.

The detentions follow a recent warning by the Minister of Police that the Government was taking note of the activities of the Azanian organisation and other similar organisations.

Mr. Nkondo was detained shortly after urging white university students in Johannesburg to join resistance against *the Government's education* policies. The Azanians and two other black consciousness groups pledged their support yesterday to the five-day boycott of schools by coloured (mixed race) pupils. They said that unless the authorities responded to the children's grievances, another conflagration similar to that in the black township of Soweto in June 1976 would be inevitable.

The coloured boycott continued yesterday and was joined by pupils at a number of Indian schools in Pretoria and Natal. In the past few days, police have used teargas and mounted baton charges in Johannesburg, Durban and Cape Town to disperse groups of students. Meanwhile, a group of coloured educationalists has disclosed that it *warned the Government* nine months ago that the coloured education system was "in a mess and headed for collapse."

The number of emigrants leaving South Africa dropped sharply last year, the Department of Statistics disclosed yesterday. *Some* 13,800 people left the country permanently in 1979, compared with 20,686 the previous year. Immigrants last year numbered 17,304 (1978: 18,669), about one third of them from Rhodesia.

# West Bank *inflamed* by settler rampage

*By David Lennon in Tel Aviv*

RAMALLAH, one of the largest towns on the occupied West Bank of the Jordan simmered on the verge of revolt yesterday following a rampage of destruction through the town by Israelis from a Jewish settlement.

The raid by the settlers left hundreds of car and house windows smasted and heightened still further the tension between the West Bank Palestinians and the settlers. Ane angry meeting of West Bank mayors and public figures in Ramallah called for protest demonstrations against the settlers, an economic boycott of Israel, a three-day public transport strike, and a parade of the damaged cars through West Jerusalem.

The settlers are *understood* to have staged the raid in response to an unsuccessful *grenade attack on one of their* buses two days ago and because of the frequent stoning of Israeli vehicles on the West Bank.

The Israeli military governor of the West Bank yesterday ordered the Mayor of Ramallah, Mr. Karim Khalafi, to cancel the planned West Bank response. The major said the military governor threatened him with detention and even deportation.

*During the morning* Israeli soldiers fired in the air to disperse stone-throwing children demonstrating against the settlers. The army arrested four Israelis from the nearby Jewish settlement of Beit El who were believed to be responsible for the destruction.

## Tarling appeal ends

The appeal by Mr. Richard Tarling, a British businessman, against conviction on five charges under Singapore's Companies Act has ended after three and a half days of legal submisisons, writes *our* Singapore Correspondent. Judgment has been reserved. The charges relate to the accounts of Haw Par, of which Mr. Tarling, who has already served *four months* in jail, was a director.

# OVERSEAS NEWS

King Khaled, left, has only limited experience of the outside world. Crown Prince Fahd, right, is concerned at the growing influence of some sections of Saudi society.

## Why the Saudis asked the UK to recall its envoy

BY JAMES BUCHAN

THE SAUDI decision to ask for the recall of the British ambassador in Jeddah over the showing of the ITV film, Death of a Princess, reveals attitudes and priorities in the Saudi Royal Family which are unique in the world.

For reasons of both education and temperament, the inner core of the family keeps its own counsel. The practical attitude of many Saudi officials, with its recognisable mixture of Islamic and Western thinking, rarely reflects the true feelings of the old and sick men at the heart of Saudi power. Yet it is they, and not the parallel administration of bureaucrats or officials with a mercantile or legal background, who imposed this particular decision on the Government.

To most Western viewers, the film may have seemed a candid attempt to reconstruct the moral environment in which an abscure young family member, Princess Misha'al Bint Fahd Bin Mohammed, could be executed in secret. To the Royal Family and some of the population, the film was deeply offensive and justified a veiled threat to put nearly £1bn in British annual export trade in jeopardy, and aggravating further an international situation that the Saudis already find frightening in the extreme.

### Veil of fiction

In asking for the withdrawal of Mr. James Craig, Saudi Arabia intended to tell everyone that it needs none of its allies and trading partners (except the U.S.) as much as they need it. This is certainly believed by many members of the Royal Family, but is offset by confused diffidence and restraint showed in the delayed retaliation against the UK.

Bureaucratic Saudi objections are easy to list: under the thin veil of fiction, the film suggested that Prince Mohammed, the oldest surviving son fo the Kingdom's founder, had done his grand-daughter to death on charges of adultery which were not exposed to the rigours of an Islamic court, and it was a matter of rough family justice. In Saudi Arabia, there are many customary or imported laws, but the Constiutional Law of 1926 requires these be compatible with the Sharia (divine law). Thus, the prince's action would have been the highest treason and must, at all costs, be kept secret. The film also proposed that princesses regularly made assignations in dress shops or on remote desert roads, for which there is only hearsay evidence.

These objections would occur to a Saudi businessman in Jeddah or a deput minister with a PhD from an American university.

But both Prince Mohammed, who is in his 70s, and the ailing King Khaled, live in a world insulated from international attitudes.

It is likely that neither saw the film, and were told, or deduced, that the film was an attack, first on a man who represents almost the last link with the heroic campaigns of King Abdul-Aziz, the founder of the Kingdom and the source of all political grace, and the Royal Family, the institution of the family, respect for age and the past, the honour of royal womenfolk, Moslem women in general, and the Islamic way of lif eand Islam itself.

The ruling family would also fear that the ymight lose further ground to the merchant classes and the clergy, after the unprecedented challenge to absolute Royal power during the siege of the Grand Mosque in Mecca.

An Arabian's fisrt loyalty is to the family, and the House of Saud is no exception.

It is probably the largest royal family in the world, and has controlled the country named after it since the conquests of Abdul-Aziz Bin Saud in the first two decades of this century. The family embodies a particularly fundamental and strict version of Islam, known in the West as Wahhabism, which was founded in the central region of Nejd in the 18th century. A small number of Abdul-Aziz's vast progency holdthe key posts in national government and in the regions, although the majority are businessmen and landowners. The greatest influence is gathered among the old King's eldest sons, some of whom, like Prince Mohammed, are without a formal position.

A blow against the beleagued Royal Family could be portrayed as a blow against Islam and the state.

In these conditions, the truth or untruth of allegations against Prince Mohammed is less important than their impact. For the record, it is said that the King opposed his brother's action but could not prevent it. His own shyness and the tradition of respect for age and the privacy of a man's family life hindered him. Equally, many Saudi businessmen in Jeddah, in defending the execution against criticism, clearly felt that the rights and wrongs of the affair were of less importance than solidarity with their own kind.

### Zionists suspected

Old Saudis are of a conspiratorial frame of mind, and tend to ascribe many evils—from the attitudes of the U.S. Administration to world inflation—to the machinations of the Zionists.

King Khaled has only limited experience of the outside world and limited confidence in handling the international role thrust upon his kingdom. At the Royal court, or in his sojourns in the desert, he is happiest in the company of the tribes, who retain the attitudes of his youth, and of his brothers and sons. His chief concern is the maintenance of a decorous exterior by the family.

Many officials, including Prince Saud Al-Faisal, the Princeton-educated Foreign Minister, realise that some Western governments do not have great control over their Press and television. But the King, or Prince Mohammed, may not. If Britain is a friend, they might argue, why does it allow these unfriendly acts? Equally, since the Royal Family believes that the Zionists profit from a weakened Saudi regime, it does not take a great effort to think that Zionists are behind such criticism.

Princess Misha'al's execution may have marked a watershed between decaying tribal custom and the sense of fixed law and international accountability. The row over the film indicates that traditions of privacy remain vigorous, despite the outside world's mounting interest in Saudi Arabia.

## Kurdistan war flares as troops move in

BY SIMON HENDERSON IN TEHRAN

FIGHTING IN western Iran between autonomy-seeking Kurds and the Iranian Army has intensified in the past two days, with indications that Kurdish fighters are suffering heavy losses.

The Kurdish Society in Tehran, which acts as a conduit for information, yesterday appealed to the International Red Cross and the United Nations human rights organisation to help the "striken Kurdish people."

The Kurds claim that Iranian Air Force Phantom fighter bombers, helicopter gunships and tanks are bein gused against them, and the Iranian armed forces confirm that helicopters are being used.

The fighting is concentrated on the provincial capital of Sanandaj and the town of Saqqez, about 100 miles to the north. Two army columns, one on the road from Sanandaj to Saqqez, the other approaching Sanandaj from the south-east, are also said to be under sporadic attack and ambush.

About 50 people have been killed and more than 200 injured in Sanandaj, according to the Kurds. They claim the Air Force destroyed part of the hospital in its latest attacks. There is no direct communication with Saqqez, where tanks and helicopters are believed to be in action against the town.

The latest fighting started more than a week ago, when the army started trying to move units to the nearby Iraqi border, ostensibly to reinforce positions because of the recent tension with the Baghdad Government. The Kur ds suspected, apparently correctly that the real purpose was a move against them, and at first offered passive resistance by blocking roads. Shootin gsoon followed.

Iran's 3m Kurds, the country's largest non Shi-ite Moslem minority, have fought the central government at least revolution in support of three times since last year's revolution in support of demands for provincial autonomy. The demand is anathema to the Government, and particularly to President Bani-Sadr.

The extent of the present action against the Kurds by the Iranian armed forces is not yet clear. Previous fighting has rarely continued for more than a week before Kurdish fighters have moved into the hills and uneasy peace has been restored. A priority for the army now appears to be to help units surrounded in Sanandaj at the barracks, officers' club and television station.

Across the border in Iraq, fighters among the Kurdish minority there have claimed success in three attacks on Iraqi government positions, killing at least eight and wounding five, with no losses to themselves. Iraqi Kurds normally operate independently of their Iranian brethren.

● President Bani-Sadr has appealed for the political freedom of all parties to respected when universities re-open on Saturday. The speech appeared to offer a minor concession to left-wing parties which were thrown out of their university offices during the last week of campus fighting, which led to 26 deaths and more than 3,000 injured.

He urged Moslem students to abide by the Revolutionary Council's decision that the universities should re-open. Some militant Islamic groups have wanted the campuses to stay shut until an Islamic cultural revolution has taken place and the universities purged of left-wingers.

# WORLD TRADE NEWS

## Persuading UK groups to use the EDF

By Stephanie Gray

BRITISH companies won only 10 per cent of Third World awarded under the Lome I Convention, emphasising their failure to adequately exploit opportunities through the £2bn allocated through the European Develpoment Fund (EDF), 18.7 per cent of which has been contributed by Britain. Of the £318m contracts so far approved by the fund under Lomé I, UK companies received orders worth £32m.

These figures were disclosed by M. Andre Auclert, finance and administration director of the EEC's Development Directorate, at a conference on Lomé Convention opportunities organised this week by the London Chamber of Commerce and Industry.

M. Auclert said an analysis of 449 bids for tenders, called by the EDF and worth £247m, showed French companies in the lead with 145, followed by the ACP states (98) and Britain, trailing behind Italy and West Germany, with 33.

He allowed, however, that development projects in the franc zone were in a state of maturity, which permitted more calls for tenders than in countries where British companies were more familiar.

The five-year Lome I Convention, a co-operation agreement between the EEC and the 57 African, Caribbean and Pacific (ACP) nations — most of them former European colonies — was superceded by Lome II last month. However, apart from the £3.4bn available to the development fund under the 1980-85 Convention, M. Auclert said, less than 30 per cent of the fund's resources under Lome I had been disbursed.

"For the British companies, the problem is not only to have a good start fo rthe Lome II Convention but to re-establish their position under Lome I, he said. "It is perfectly possible to reach these goals."

It was also possible to raise Britain's share of Lome opportunities to match or even exceed its national contribution to the fund.

"The EDF is not a 'piggy box' from which every member State can draw the same quantity it puts into it," he said. The French, Italians and Belgians drew more than they contributed and Britain could do so as well.

M. Auclert proposed that the fund's operations could be improved by establishing general conditions of contracts among the ACP nations to shorten the gap between commitmen tand disbursement

The scarcity of information on the number and value of EDF contracts was taken up by Dr. William Black-Campbell of the British Overseas Trade Board's Tropical Africa Advisory Group.

He said most anglophone states, as newcomers to the EDF were slower in listing their projects and applying for funds. British companies, also as newcomers, had probably taken until recently to appreciate the significance of EDF contracts and had had to undergo the learning process with which the original Community members had become familiar.

## Bos Kalis confirms Sahara halt

BY OUR FOREIGN STAFF

BOS KALIS, the Dutch construction company, yesterday reaffirmed that a Fl 110m (£24m) contract to carry out harbour works in the Western Sahara has been postponed indefinitely.

Mr. Hans Kraaijeveld van Hemert, the company's chairman, said that "no commencement date has been set for the project—it could take a week, a month or a year."

Mr. van Hemert first announced the company's decision last week, which was taken because the risk of disruption by the Polisario guerrilla movement was unacceptable to the company.

The Bos Kalis' chairman re-emphasised his company's position following a Moroccan Government statement denying such a report and confirming that "the contract was following its ronmal course."

The statement, issued by what were described as "authorised sources" in the Ministry of Supply and National Promotion, said:

"Work on the project will start according to the conditions and schedule stipulated in the agreement between the Moroccan Government and the Dutch company."

In Rabat, Mr. M'hamed Douiri, the National Promotion Minister, added that contracts would be concluded soon with European companies for the construction of other new harbours in the Western Sahara area, notably at Boujdour and Dakhla. It is understood that an Italian concern is negotiating for one

The Bos Kalis project at El Ayoune was to have consisted of construction of dams, harbour walls and breakwaters and the dredging of 2m cubic metres of earth to make the small fishing harbour suitable for larger vessels. The work was scheduled for completion within 2½ years.

● Morocco is planning to construct its first nuclear power plant following the discovery of uranium extracted from phosphate, AP reports from Belgrade. It quotes the Yugoslav news agency Tanjug as saying the location of the plant has not yet been determined but that Moroccan officials estimate it could be inaugurated in 10 years. Mass production of the uranium is anticipated by 1983, the report said. It said production of the uranium would greatly decrease oil's share in the overall energy consumption and relax Morocco's dependence on oil imports, which at present cost the country $1bn a year. It added, however, that Morocco had not yet worked out how it would obtain the resources to build the plant.

## Arab banks in arbitration move

BY DAVID WHITE IN PARIS

THE UNION of Arab Banks, which groups banks from 17 countries, has approved plans for an arbitration board to settle legal problems in their international dealings.

The conciliation procedures are aimed at overcoming difficulties between Arab banks themselves and between them and non-Arab countries.

A general meeting of the inter-Arab body, grouping representatives from 125 Arab banks and eight mixed Arab-Western banks, as well as central bank observers, emphasised the need to deal with regualtory and fiscal problebs which have hindered development of members' business with other countries.

A communique from the Beirut-based group said that the meeting had been held in Paris in acknowledgment of the recognition for "multiple Arab causes" shown by President Giscard d'Estaing during his trip to Gulf States and Jordan last month.

The Paris meeting reflected that banks' wish to develop closer relations with Europe and particularly with France.

The meeting also confirmed projects for a system of Arab travelers' cheques and for setting up an institute to train senior personnel

The Union of Arab Banks was formed in 1974. It is based in Beirut but is considering moving its headquarters to Abu Dhabi for security reasons.

## Chivas signs S. Korea distillery contract

By Ray Perman, Scottish Correspondent

CHIVAS BROTHERS, the Scotch whisky distiller owned by the Canadian-based Seagram drinks group, has signed a joint venture agreement to build a malt whisky distillery in South Korea.

The deal is with Oriental Brewery, a subsidiary of the Doosan business group

The two companies will jointly finance and build a $2m (£883m) plant, which, it is planned, will begin production next year. No details have been released of its capacity or the markets it is intended to serve.

South Korea is a small, but growing market for whisky, and it is likely that the new distillery will provide spirit to be blended locally into a brand for domestic consumption.

Seagram, with Hiram Walker, another Canadian group, and a number of UK companies, has been exporting malt whisky from Scotland to be blended with locally produced spirits in Japan, Spain and South America.

This trade has been strongly criticised by sections of the Scotch whisky industry and trade as detrimental to export of Scotch in bottles, and Seagram, with others, has been reducing its bulk exports in recent years.

## Dutch seek easier Japan access

TOKYO—Dutch Prime Minister Andreas Van Agt has asked Japan to dismantle some of its non-tariff barriers hindering Dutch products from entering the country.

Mr. Van Agt, who is making an official visit to Japan, also said that he had asked Japan to check exports of large-sized television tubes and sets to The Netherlands and West Germany.

"We fear a new flow of Japanese exports to Europe, especially large-sized colour television tubes and sets," he told reporters after meetings with Japanese ministers.

The Dutch Prime Minister said he had asked Japan to temporarily stop exporting television sets "to give us some time to accommodate for them."

On non-tariff barriers, Mr. Van Agt said that Japanese administrative and legal techniques were keeping out Dutch exports.

As examples, he said Dutch tobacco products can only be sold at selective outlets in Japan while Dutch flower bulb imports must be kept in quarantine for a year before sale during which time their quality rapidly deteriorates.

Japanese-Dutch trade had been in relative equilibrium during the 1970s but now Japanese exports to The Netherlands exceeded Dutch exports to Japan by $838m last year. Now, Mr. Van Agt said, only 29 per cent of Dutch exports to Japan were covered by Japanese exports to The Netherlands.

Reuter

## BA to buy £40m all-cargo Boeing 747

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

**BRITISH AIRWAYS is spending £40m on an all-cargo Boeing 747 Jumbo jet, which will be delivered in September and enter service a month later.**

**It will be the airline's first all-cargo Jumbo, although it already has 28 passenger 747s**

**The aircraft will be used once-weekly on a round-the-world service, linking London with the Middle East, Hong Kong, Tokyo, Anchorage and back to London. Four times a week, it will fly from London to New York, and back via Prestwick.**

**The 100-tons Jumbo is expected to help BA reach its target of £200m of cargo revenue this financial year, or 4 per cent more than last year.**

**Mr. Gerry Draper, director of commercial operations, said: "We are very excited about the freighter, and I hope it will be the start of a new fleet. It was a bold decision to buy the freighter against a background of rising costs and falling yields. But it was an expression of confidence by the board in the cargo product."**

## China-Soviet trade talks

PEKING — An 18-member Soviet delegation arrived in Peking yesterday—for annual renewal of the Sino-Soviet trade agreement.

Trade between China and the Soviet Union was worth a record $518m (£228m) in 1978, but officials believe it was down slightly last year.

The trade is equally balanced, with China exporting mainly non-ferrous metals, food, salt, textiles and consumer goods and importing non-ferrous metals, timber, machinery, mining equipment and aviation items. China had also begun importing Soviet television sets and cars.

Reuter

## UK wool textile exports up 33%

BY LISA WOOD

WOOL TEXTILE exports from the UK were up by 33 per cent during the first two months of this year compared with the same period last year, according to newly published figures.

Exports were worth £72.4m, which was £17.9m more than in January and February of 1979, said the Wool Industry Bureau of Statistics.

The bureau said there were volume increases of 19 per cent in cloth, 47 per cent in yarns and 87 per cent in raw wool.

"Although these exceptional increases may partly reflect the abnormally low shipments a year ago, caused by the lorry drivers' strike," said the bureau, "the underlying trend is regarded as encouraging."

The wool industry has also announced that orders for worsted cloth, totalling £2.3m have been placed by an Iraqi state buying mission which visited West Yorkshire this April. Orders have been placed with companies in Bradford, Leeds and Huddersfield.

## How trade ban will hit UK companies

BY MAURICE SAMUELSON, KENNETH GOODING, MICHAEL DONNE AND MARTIN DICKSON


A PARTIAL recovery in British sales to Iran is in danger of being wiped out by the proposed EEC trade embargo over the American hostages held at the U.S. embassy in Tehran.

British sales to Iran in the first quarter of 1980 amounted to £90m. Extended throughout the year, this would take the total for 1980 to double last year's figure. Although about half of the first quarter figure consists of Talbot car kits and Land Rovers, this still leaves a significant rise in other goods. These include spare parts and equipment such as generators and pumps.

Reaction among British industry to the threat of an embargo is largely a reflection of this newly emerging pattern of trade. Some companies see a total boycott of Iran as a logical extension of the existing position, in which major defence and civil engineering contracts have been abandoned. But among other, mainly smaller concerns, there is disappointment that the recovery could soon be cancelled out.

There is also confusion about the nature of the proposed boycott and how to deal with it. There is widespread agreement that people who lose money as a direct result of observing a boycott will not be able to claim compensation from the Government.

The UK Department of Trade says it has never heard of anybody receiving compensation for complying with an official embargo, and points out that with less business being conducted with Iran, there will be less money to lose than has been lost there already.

If an embargo is retroactive, current contracts would have to be frozen, regardless of the customers' reaction.

According to the London Chamber of Commerce and Industry, many companies are still hoping that the boycott will not happen and are continuing to secure business with Iran. There is scepticism, too, about how effective it will be.

An official at the Committee for Middle East Trade (a section of the British Overseas Trade Board) points out that despite the crisis in U.S.-Iranian relations, American goods had continued to reach Iran, partly through ports on the Arab shore of the Gulf. Dubai, in particular, might be used not only for circumventing a Western boycott but for its more traditional role smuggling goods into Iran. as an embarkation port for

### Business confidence

Among the number of companies who have benefited from the current improvement in trade with Iran is Compair, the British compressed air equipment group. Its sales there have been negligible since before the Revolution, when they ran at £5m a year. But a sales team which returned from there only last week reported "a genuine upturn" in business confidence, and brought back its first significant order for compressors since the end of 1978.

Compair's main competitor in Iran is Atlas Copco of Sweden. But whether or not Atlas attempts to fill the vacuum caused by an embargo might depend on whether or not it is prepared to brave the wrath of its partners in the U.S., where it recently acquired a subsidiary.

I nthe motor industry Talbot UK would be hurt most by a disruption of trade with Iran. But BL, through its Land Rover and Leyland Vehicles commercial vehicles business would also be affected.

The principal motor industry manufacturing company in Iran is Iran National, which was privately-owned but was nationalised during the Revolution. It assembles the Paykan car, based on the old Hillman Hunter, from kits exported by Talbot.

Exports are currently running at around 100,000 kits a year. Talbot will not reveal the value, but a respectable estimate would be that this business is worth £150m a year. A Talbot spokesman said yesterday: "We have expressed our concern about the possible trade sanctions to the relevant UK Government departments."

Demand for the Paykan has been high because the import of all built-up cars has been banned since the Revolution. Iran's other two local car assemblers make a version of the Renault 5 and the General Motors Opel.

Leyland Vehicles once had minority holdings in two plants in Iran, Leyland Motor Iran in Tehran, and Leyland Diesels in Tabriz. Both have now been nationalised.

Leyland Motor has the capacity to produce 2,000 trucks a year. But it has been working at less than half capacity, making the Super Comet trucks and doing body-work on Atlantean double-decker buses. Leyland Diesels makes relatively few of the 400 series and TL12 engines.

Leyland Vehicles has recently been sending only a trickle of material, truck kits and spares to Iran because the country has been slow to pay for what it has already received. It estimates that its trade with Iran is now down to an annual £10m.

However, BL's other subsidiary could lose business worth around £25m a year from any embargo. Land Rover has been sending kits for its four-wheel-drive vehicle at the annual rate of 6,000 a year for assembly by Morratab, another nationalised company.

The UK defence industries have only a limited volume of activity in connection with Iran. Early last year Iran cancelled major contracts for Rapier guided weapons, advanced-model Chieftan tanks and the military industrial complex at Isfahan, collectively worth well over £1bn.

The biggest single outstanding project is the 20,000-tons support ship Kharg, built by Swan Hunter at Wallsend and still awaiting delivery. This vessel has cost about £40m, of which most has been paid already by the Iranians, but it is not expected to be delivered whilst the new sanctions last.

### Chemical exports

Two further smaller support ships of 2,500 tons each are under construction by Yarrow on the Clyde, but these are still some way from completion. A decision on the future level of work on them will have to be taken.

Chemicals exports to Iran last year were worth £39.3m, less than 1 per cent of Britain's total chemicals exports and down from £71m in 1978.

But £16m of last year's business consisted of pharmaceuticals and these may well be excluded from the list of items under embargo.

Most major British chemical companies, already resigned to a substantial reduction in their Iranian business since the revolution, are therefore sanguine about the imposition of an embargo.


ICI's trade, for example, is worth only a few million pounds and consists mostly of pharmaceuticals and organic chemicals. Shell Chemicals has only a small amount of industrial and agricultural chemicals business and will not be affected in any major way.

As for UK shipping companies, believe sanctions will be neutralised by increasing use of the Soviet rail system to import goods. In addition, goods will be transshipped—at ports up and down the Gulf and ferried across to Iran.

In the short term the impact of the deteriorating Iranian situation has had the most effect on tankers. Rates have moved up by over a quarter over the past week as charterers move to lift oil. There is plenty of surplus tonnage in the Gulf so the impact on rates is expected to be temporary.

In the dry cargo and liner shipping markets the threat of possible sanctions on Iran is not causing undue concern. With the fall in UK trade with Iran over the past 18 months British shipping companies such as P and O have become accustomed to a much lower volume of trade. Sanctions cannot make the situation much worse.

Ian Davidson, Page 22

## Qotbzadeh in tour of Mideast

By Andrew Whitley

KUWAIT is currently the centre of a flurry of diplomatic activity. A series of meetings aimed at helping resolve regional tensions is taking place, although Kuwait is not expected to take the initiative

Mr. Sadeq Qotbzadeh, Iran's Foreign Minister, will be the first top-level Iranian to visit Kuwait, since the revolution in Tehran 14 months ago, when he arrives on Monday for a two-day visit. It forms part of a tour of Syria, Lebanon and the Arab states of the Gulf. Discussions in Kuwait are expected to centre on Iran's dispute with Iraq as well as on the worsening crisis with the U.S.

The Iranian ambassador to Kuwait, Dr. Ali Shams Ardekani yesterday met Mr. Andrew Young, the former U.S. representative to the United Nations, who may well be acting as an unofficial envoy for President Carter

Meanwhile Sheikh Saad al-Abdullah al-Sabah, Kuwait's Crown Prince and Prime Minister, is expecte to visit Iraq shortly to cement the recently much-improved relations between the two countries.

Kuwait has made no official comment about the latest tightening of sanctions against Iran but the Government is believed to have deep misgivings about the possibility of force being used to secure the release of the U.S. hostages.

Reuter reports from Bahrain: riot police yesterday fired teargas to disperse about 700 people marching in honour of a missing shi'ite moslem leader whom they said had been killed by the Iraqi Government.

Nearly half of Bahrain's 360,000 people are Shi'ites, as are most of the people of Iran, and the demonstration followed a broadcast from Tehran by Ayatollah Khomeini.

# Anderson to be third party candidate

BY DAVID BUCHAN IN WASHINGTON

Mr. John Anderson . . . independent runner for the Presidency.

Mr. John Anderson yesterday made his predicted withdrawal from the race for the Republican Party nomination for the presidency and unveiled a strategy to run as an independent candidate—a move that has caused unease in the two established political parties.

On Wednesday New Jersey became the first state where the Illinois Congressman was filed as an independent. Mr. Anderson has missed filing deadlines in a large handful of states—and because of a host of organisational handicaps, plus the historically dismal record of third parties in U.S. Presidential politics, his new bid is rated as bold rather than realistic.

The Democratic and Republican hierarchies have been at one in criticising Mr. Anderson's move to enter the race as a "spoiler." Mr. Gerald Ford, the former Republican President, said this week that Mr. Anderson was making "a mistake in judgment" and that the two party system had "served this country well for over 200 years."

But the Democrats are believed to have slightly more to fear from an Anderson maverick bid, which Mr. Robert Strauss, the campaign chaorman for President Jimmy Carter, said this week would be a "debilitating exercise." The signs are that Mr. Anderson might draw off slightly more votes from President Carter than from Mr. Ronald Reagan if they were the nominees of the establishment parties.

Mr. Anderson has not won a Republican primary this year, but came second in several states such as Massachusetts, Vermont, Illinois and Wisconsin. Where cross-over votes were allowed, he generally benefited from Democratic support. Indeed, even when still in the Republican race, the Illinois Congressman made no bones about appealing to what he termed a "new coalition" of Democrats, independents and Republicans."

As former Senator Eugene McCarthy, who ran as an independent in the 1976 race, this week warned Mr. Anderson in an article on the centre page of the Wall Street Journal, the U.S. political system is geared to preserving the existing Democratic-Republican duopoly.

As an independent, he will not be eligible for the $29m (£12.7m) in federal funds that the regular party nominees receive for the general election. Neither, of course, will he have the organisational back-up of his rivals.

However, the Congressman is said to reckon he can run a creditable campaign, concentrating his geographic effort in key areas on around $15m.

# Sharp fall in demand for steel in U.S.

BY IAN HARGREAVES IN NEW YORK

STEEL DEMAND has started to fall sharply in the U.S. indicating the pace at which the economy is now cooling and bringing the first announcements of layoffs in the industry. *Bethlehem Steel, the second* largest company in the industry, said yesterday that 1,250 men from its Sparrows Point Maryland, plant would either be laid off directly or kept from work longer than normal for scheduled maintenance at certain mills.

The United Steelworkers Union in Pittsburgh said it was expecting a surge in layoffs in the next few weeks as the effects of hte latest slowdown in the motor industry and the economy generally filter back. Mr. Lewis Foy, chairman of Bethlehem, said however that he was hopeful the industry would avoid a severe jolt because of the heavy capital spending programme in the energy industry.

There had been a "substantial" drop in the order rate in the last month, mainly for products used by the motor industry, he said. U.S. Steel, the industry leader, says its five-week order rate has fallen by 40 per cent.

Mr. Foy said he now expects the industry to ship around 98m tons of steel products this year, down from last year's 100m tons, and at the lower end of the range forecast by the company at the end of last year.

One company, National Steel has already said it will take steps to spread over a longer a period its capital spending programme, but Mr. Foy said Bethlehem had no immediate intentions of changing its spending plans.

In the first quarter of this year, steel demand was somewhat higher than had been generally forecast

The uncertainty created by the Government's suspension of the trigger price system which set a minimum price on steel *imports and the current anti*-dumping action by U.S. Steel against European importers could, if that case is rejected by the U.S. authorities, produce a big increase in imports at a time when domestic and world steel demand is slackening. The International Trade Commission is due to rule on the dumping allegations on May 5.

# Sao Paulo metalworkers continue strike

BY RIK TURNER IN SAO PAULO

THE STRIKING Sao Paulo metalworkers unions voted yesterday to continue their action, *which has paralysed* Volkswagen, Ford and Chrysler factories for three weeks. A mass meeting was held in the local church in Sao Bernardo after a Government ban on the meeting was rescinded by the local authorities.

*Opposition politicians present* included Sr. Eduardo Suplicy of the recently formed Workers' Party, whos eleader, Sr. Luis Ignacio da Silva, was imprisoned on April 19 for leading the strike when the Government intervened i$ the unions. Sr. Suplicy said that *the employers had indicated* that they were not ready to return to the negotiating table, and that they were keen to see Sr. da Silva remain in prison for at least a year.

In a reference to President Joao Figueiredo's criticism of *the church's support* for the metalworkers, Sr. Suplicy questioned its effect on the visit of Pope John Paul II to Brazil in June. The Pope is scheduled to address 100,000 workers in Sao Paulo's biggest football stadium. "Brazil's most important union leader *will still* be in prison, so the Pope will have to visit him there," Sr. Suplicy said.

Diana Smith adds from Brasilia: Claims by President Joao Figueiredo that Dom Evaristo Arms, the Cardinal Arshbishop of Sao Paulo, is "inciting" the metalworkers' strike and that the National Conference of Brazilian iBshops, is "not the church" have caused dismay

It is known that the military and civilian advisers who surround President Figueiredo are concerned by the lack of effect that the arrest of Sr da Silva and his colleagues has had on strikers.

The Presidential tactics now seem to be to defuse the impact of Dom Evaristo by causing tensions between church activists and the conservative clergy( thus weakening his position and possibly starting a church movement for his removal. This is considered a serious miscalculation by political observers.

# Veteran Mexican trade union chief re-elected

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO'S veteran trade union leader, Sr. Fidel Velazquez, who yesterday celebrated his 80th birthday, has been re-elected leader of the Confederation of Mexican workers (CTM) and has called for important labour reforms.

The *CTM*, the labour arm of the ruling Institutional Revolutionary Party, is demanding a 40-hour, five-day week, instead of the present 48-hour week, more profit-sharing by companies, more Government houses to be built for workers, and greater attention to the pressing social problems.

The CTM congress, held every six years, is traditionally a time to let off steam. However, this year the Government is taking greater notice of its demands since inflation has made the unions restless.

The Government now privately accepts that inflation will be at least 25 per cent this year, not its targeted 20 per cent. Workers have lost at least 20 per cent of their purchasing power in the last three years.

Mexican unions, which are a *labour aristocracy* in a country where millions are unemployed or under-employed, are focusing attention on broader social issues than wages, including a greater distribution of the country's oil wealth.

Sr. Velazquez has led Mexico's unions for the past 40 years and, apart from President Lopez-Par???tto, is the strongest figure in the country. The Government wanted him to stay in his post despite his age because he is regarded as the only person capable of controlling labour.

## EUROPEAN OPTIONS EXCHANGE

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| UNI C | F.115 | 66 | 2.80 | 2 | 5 | — | — | F.113.60 |
| UNI C | F.120 | 11 | 1.10 | 48 | 2.40 | — | — | " |
| UNI C | F.105 | 6 | 2.50 | 10 | 3.80 | — | — | " |
| UNI C | F.110 | 45 | 6 | 2 | 7 | — | — | " |
| | | May | | Aug. | | Nov. | | |
| BA C | $40 | — | — | 3 | 3⅛ | — | — | $36¼ |
| BAZ C | $40 | 7 | 1 | — | — | — | — | " |
| SLB C | $110 | 10 | 2⅞ | 6 | 8 | — | — | $105⅞ |
| SLB C | $120 | — | — | 10 | 4 | 19 | 7⅛ | " |
| VEB C | DM.160 | — | — | 5 | 1.50 | — | — | DM137 |

TOTAL VOLUME IN CONTRACTS 1674

C=Call P=Put

## BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 17 % | ■ Hambros Bank | 17 % |
| Allied Irish Bank | 17 % | ■ Hill Samuel | §17 % |
| Amro Bank | 17 % | C. Hoare & Co. | †17 % |
| American Express Bk. | 17 % | Hongkong & Shanghai | 17 % |
| Henry Ansbacher | 17 % | Industrial Bk. of Scot. | 17½% |
| A P Bank Ltd. | 17 % | Keyser Ullmann | 17 % |
| ■ Arbuthnot Latham | 17 % | Knowsley & Co. Ltd. | 19 % |
| Associates Cap. Corp. | 17 % | Langris Trust Ltd. | 17 % |
| Banco de Bilbao | 17 % | Lloyds Bank | 17 % |
| Bank of Credit & Cmce. | 17 % | Edward Manson & Co. | 18 % |
| Bank of Cyprus | 17 % | Midland Bank | 17 % |
| Bank of N.S.W. | 17 % | ■ Samuel Montagu | 17 % |
| Banque Belge Ltd. | 17 % | ■ Morgan Grenfell | 17 % |
| Banque du Rhone et de la Tamise S.A. | 17½% | National Westminster | 17 % |
| Barclays Bank | 17 % | Norwich General Trust | 17 % |
| Bremar Holdings Ltd. | 18 % | P. S. Refson & Co. | 17 % |
| Brit. Bank of Mid. East | 17 % | Rossminster | 17 % |
| ■ Brown Shipley | 17 % | Ryl. Bk. Canada (Ldn.) | 17 % |
| Canada Perm't Trust | 18 % | Schlesinger Limited | 17 % |
| Cayzer Ltd. | 17 % | E. S. Schwab | 17 % |
| Cedar Holdings | 17 % | Security Trust Co. Ltd. | 18 % |
| ■ Charterhouse Japhet | 17 % | Standard Chartered | 17 % |
| Choulartons | 17 % | Trade Dev. Bank | 17 % |
| C. E. Coates | 17 % | Trustee Savings Bank | 17 % |
| Consolidated Credits | 17 % | Twentieth Century Bk. | 17 % |
| Co-operative Bank | *17 % | United Bank of Kuwait | 17 % |
| Corinthian Secs. | 17 % | Whiteaway Laidlaw | 17½% |
| The Cyprus Popular Bk. | 17 % | Williams & Glyn's | 17 % |
| Duncan Lawrie | 17 % | Wintrust Secs Ltd. | 17 % |
| Eagil Trust | 17 % | Yorkshire Bank | 17 % |
| E. T. Trust Limited | 17 % | | |
| First Nat. Fin. Corp. | 19½% | | |
| First Nat. Secs. Ltd. | 19 % | | |
| Robert Fraser | 17 % | | |
| ■ Antony Gibbs | 17 % | | |
| Greyhound Guaranty | 17 % | | |
| Grindlays Bank | ‡17 % | | |
| ■ Guinness Mahon | 17 % | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 15%. 1-month deposits 15¼%.

† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.

‡ Call deposits over £1,000 15%.

§ Demand deposits 15%.

# Investment abroad shows sharp rise

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INVESTMENT overseas by British financial institutions has risen sharply since the end of exchange controls last year.

Central Statistical Office figures published yesterday show that purchases of overseas company and Government securities totalled £490m in the second half of last year compared with £195m in the preceding six months.

Holdings of other financial assets overseas rose from £78m to £370m in the same period.

Exchange controls on overseas investment were partially relaxed in June and July and abolished in October.

Investment in ordinary shares of overseas companies in the September-December quarter was £255m, compared with purchases of ordinary shares of UK companies worth £357m.

The figures show that net inflows into life assurance companies and pension funds totalled £9.05bn last year, compared with £7.46bn the previous year. Of this inflow, £4.45bn was invested in gilt-edged securities and £2.52bn in ordinary shares in the UK and overseas.

Purchases of property and land by these long-term financial institutions last year came to £1.08bn, almost exactly the same as in the previous year.

Total inflows into non-bank institutions of all kinds, including building societies, trustee savings banks and unit trust, was £17.5bn last year, compared with £15.14bn previously. Of this, £6.4bn was invested in gilt-edged stock and £1.75bn in UK ordinary shares.

**NET INFLOW INTO FINANCIAL INSTITUTIONS LIFE ASSURANCE COMPANIES AND PENSION FUNDS, £M**

| | |
|---|---|
| 1975 | 4,262 |
| 1976 | 5,348 |
| 1977 | 6,118 |
| 1978 | 7,461 |
| 1979 | 9,045 |
| 1st quarter, 1979 | 2,350 |
| 2nd " " | 2,163 |
| 3rd " " | 2,163 |
| 4th " " | 2,345 |

*Source: Central Statistical Office*

# Isle of Grain generators look for a home

**Martin Dickson considers the fate of equipment worth £450m stranded by the CEGB's decision to halt construction work on a power station**

THE Central Electricity Generating Board's decision to halt construction work at its Isle of Grain power station in June raises the question of how much hardware can be salvaged from the £450m invested since the project began nine years ago.

The CEGB announced this week that it intends to halt construction because of failure to resolve a long-running pay dispute involving 27 laggers. Much of the work between now and June will simply make the plant safe for mothballing.

Grain, an oil-fired station on the Thames estuary ordered before the 1973-74 oil price explosion, and the largest of its kind in Europe, was meant to be completed in 1979.

But persistent labour problems have meant that only one of its five 660 MW turbo-generators has come into operation. That has been supplying power to the grid since last August and will continue to do so.

But the fate of the other four generating sets is in doubt. Work on two of them —the pair furthest from completion, called units 4 and 5, was halted in January, and even if there is a settlement with the laggers it seems unlikely that they will ever be completed. The rising cost of fuel oil means that by the time of commissioning they would almost certainly be uneconomic to run.

One possibility might be to convert the two to coal firing or a coal-oil slurry. Alternatively, CEGB officials suggest it might be possible to move the two generators, which are in storage at Grain, to the Heysham 2 advanced gas cooled reactor nuclear station in Lancashire. Work on the foundations of Heysham 2 is due to start in August.

But this might not be feasible. Even if it was, it would be unpopular with Northern Engineering Industries, which was awarded the contract for the design phase of the Heysham 2 generators and expects to win the main contract as well.

There is no other suitable site in the UK for the two sets. The CEGB could try selling the sets abroad, but thatw ould be difficult. Foreign generators are often of a different design.

Two other units at Grain, 1 and 2, are nearly fully erected. In theory, the CEGB could try to find an alternative use for them as well, but in practice it would cost too much to dismantle the equipment.

The four unused boilers that go with the generating sets are also of limited value. They cannot be used in a nuclear station and would only convert to coal-firing with difficulty.

The Grain site also contains a mass of infrastructure with no immediate use: oil tanks, offices, turbine and boiler houses. From the outside it may look like a finished plant, but the interior reveals it as a monument to bad industrial relations and a costly warehouse for advanced equipment.

# Low-cost housing plan unveiled

BY MICHAEL CASSELL

THE GOVERNMENT yesterday unveiled details of a seven-point plan for local authorities to promote low-cost home ownership.

Announcing details of the plan to the Institute of Builders in London, Mr. John Stanley, Minister for Housing and Construction, said that under the new Housing Bill the scope for local authorities to provide low-cost home ownership would be greater than ever before.

The Minister pointed out that, as a result of changes being made in the way expenditure on hoem ownership schemes will score for the purposes of housing investment cash limits, authorities would be able to promote owner-occupation with only a small, or in some cases, a nil call on their housing investment programme allocations.

Mr. Stanley said many council house tenants wanted, and could afford to become owner-occupiers. His proposals would help ease pressure on rented accommodation and help meet the needs of first-time buyers.

The seven-point home ownership programme which authorities are being asked to consider provides for the sale of council houses to sitting tenants, selling local authority land with planning permission for starter-home schemes to private builders and building starter-homes in partnership.

Authorities are also being asked to improve homes for sale, to sell unimproved houses for improvement by the purchaser and to offer shared ownership as an alternative to outright sales. Councils, according to the Minister, should also use their new mortgage guarantee powers to facilitate down-market lending by building societies.

Mr. Stanley has told the local authorities that from April 1981, they will be able to raise their single block allocation on capital spending for all services by 50 per cent of the annual housing capital receipts. This is the money that has accrued to them via the sales of council houses, repayments of mortgage principal and of loans from housing associations as well as proceeds from land sales.

# Public Order Act changes ruled out

BY JAMES McDONALD

THE GOVERNMENT is provisionally opposed to changes in public order legislation on demonstrations and processions which would undermine long-established methods of "policing by consent."

This view is put forward in the Government's review of the Public Order Act 1936 and related legislation, published yesterday as a Green Paper.

The review was started last June after the Southall riots in April and against a general background of an increase in the number of major demonstrations and a rise in violent incidents.

It is primarily concerned with inviting views on the broad issues of public order, but it does indicate Government thinking on certain issues.

On policing, the review says: "The British police do not have sophisticated riot equipment, such as tear gas or water cannon, to handle demonstrations. Their traditional approach is to deploy large numbers of officers in ordinary uniform in the passive containment of a crowd.

"Neither the Government nor the police wish to see this approach abandoned in favour of more aggressive methods."

On the existing law, the review says that while it enables police to cope with disorder once it occurs, "it contains relatively little short of the ultimate sanction of a ban on a procession to help them prevent disorder before it breaks out."

On powers to control processions, the review concludes that the threat of public disorder should remain the basis on which a ban is considered, though the addition of other criteria need not be ruled out. The present test of "serious public disorder," for example, may be too stringent.

*The Act is available from the Stationary Office, £2.50.*

# Reduction in MLR forecast

Financial Times Reporter

**THE GOVERNMENT'S firm monetary and fiscal policies were beginning to yield some dividends, and a reduction in the Minimum Lending Rate (MLR) was to be hoped for soon, Sir John Greenborough, president of the Confederation of British Industry, said in London yesterday.**

**He told hms Agricultural Engineers' Association that the CBI would be pressing the Government to cut MLR in view of recent statistics which indicated that the growth in the money supply had been brought within the target range.**

**yy But he warned that control of the money supply could not, by itself, bring down the level of inflation without inflicting serious damage on company and employment prospects. It must be accompanied by moderate pay settlements and improved productivity.**

**High unemployment figures reflected the consequences of pay settlements which were still far too high, Sir John said. He believed improving employee communication and consultation was a prerequisite of promoting improved productivity and realistic wage settlements.**

**● SCOTTISH AID: Foreign industry has invested around £220m in Scotland over the past six months, says Mr. Robin Duthie, the recently appointed chairman of the Scottish Development Agency. He said £120m of this was in electronics alone.**

**● DELAYS: Investors Chronicle publishers regret that readers will receive their copies of this week's issue late because of a national printing dispute. Every effort is being made to ensure that copies will be available as soon as possible.**

**● METHVEN FUNERAL: A private funeral for Sir John Methven, CBI director-general who died on Wednesday, will be held on Monday. A memorial service will be held later. A book of condolence has been opened at CBI headquarters in Tothill Street, London, SW1.**

# Board mill closure will cost 200 jobs

BY WILLIAM HALL

ASSOCIATED Paper Industries is to close its packaging board mill in Scotland, making nearly 200 workers redundant. It is the second UK board mill closure in the last two months.

In February, Thames Board Mills, part of the Unilever group, announced that it was going to close one of its two board mills at Purfleet with the loss of 800 jobs. It blamed heavy import competition and poor market conditions.

The closure of Associated Paper's Vale Board mill at Denny, in Stirlingshire, comes less than a year after the group completed a £1.2m project to improve productivity.

To combat import competition Associated Paper had installed sophisticated computer controls for round-the-clock working.

The project suffered considerable teething troubles during the early months of operation and this has been compounded by a severe fall in demand for white line chipboard which is used in carton making.

In its last financial year, which ended in September, Vale lost £600,000. Mr. W. Q. C. Mackenzie, the finance director, said yesterday that it had lost more in the current year.

Redundancies are expected to cost the group £750,000.

Associated Paper's half yearly results are due next month. Apart from stemming the losses, the closure of Vale is likely to increase the group's indebtedness. Facilities have been arranged to cover this and borrowings should be reduced as working capital is realised from sales of stock.

Associated Paper is just one of a number of UK companies which is suffering from the depressed state of the carton-board market. There is considerable overcapacity in Europe and packaging board is being imported into the UK, which consumes around 1m tonnes of board a year.

Thames Board Mills, St. Anne's (part of the Imperial Group) and Reed, Colthrop account for around 60 per cent of UK output.

In output terms Vale Board Mill was Associated Paper's biggest paper mill, with a capacity of 27,000 tonnes a year.

Its two other paper mills, Cooke and Nuttall in Lancashire, and P. Garnett, in Yorkshire, have a combined capacity of less than 40,000 tonnes a year. They specialise in bag making papers and poster and envelope papers.

# Commodes for £110,000

### SALEROOM

BY ANTONY THORNCROFT

THE EXTRAORDINARY price of £110,000, plus 11. 5per cent in buyer's premium and VAT, was paid at Christie's yesterday by Williams, the Dublin dealer, for a pair of George III kingwood and marquetry commodes attributed to the celebrated maker Pierre Langlois, and dated to the latter half of the 1760s. They were in an English furniture auction which totalled £487,415.

Other high prices were £12,500 from Courtney, a London dealer, for a pair of George III rosewood commodes, and £12,500 from Stair, a New York dealer, for a Queen Anne scarlet lacquer bureau cabinet. A set of five Queen Anne walnut dining chairs went for £11,500.

Christie's Islamic and Indian sale went well. A manuscript of 1623, recording th echaritable gifts of Gevher Sultan, sold for £22,000, and one of the first books printed in the Islamic world, a cosmography with maps of the Ottoman Empire, published in Constantinople about 1732, made £4,000.

The silver sale at Sotheby's suffered slightly fro mthe problems facing this market after the rapid rise and fall in the price earlier this year, but the good items did well. Spink paid £4,300 for a pair of George II sauce boats by Frederick Kandler, 1747; and Koopman £4,100 for a George II oval soup tureen and cover.

In the jewels sale a diamond bracelet made £20,000, and at Sotheby's Belgravia, which auctioned European ceramics, a pair of large "Sèvres" vases and covers by Bertren sold for £3,600.

# Leak 'exceeded Press freedom'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE FREEDOM of the Press *does not include freedom* to receive stolen property or to take part in unlawful acts, counsel for the British Steel Corporation said in the Court of Appeal yesterday.

Mr Leonard Hoffman, QC, was opposing Granada Television's appeal against a High Court judge's order that Granada must name the BSC employer who leaked confidential BSC documents.

The documents formed the basis of a World in Action programme on February 4 and were later returned to BSC with marks which might have identified the source of the leak obliterated.

Mr Hoffman said the case was not about the public function of the Press and television to investigate wrong-doing — what was known as investigative journalism.

"I hope that nothing in this case will cast any doubt on the public importance of this kind of journalism, or inhibit the type of journalism we associate with the Watergate affair."

Nor did the case question the public importance of the press and television being able to protect the anonymity of those from whom they lawfully received information.

It was concerned only with whether protection should be given to a person who unlawfully handed over confidential documents or information which *he knew he had no right* to give, for whom no justification was claimed on the ground that the public interest required that the information should be revealed, and from whom a journalist received information, knowing that he had no right to receive it.

"The court is asked to say that the public interest does not require protection to be given to such a person," said Mr Hoffman.

Lord Justice Templeman suggested there might be instances where the Press genuinely believed that a matter was important in the public interest. Journalists might say: "Our duty is so high we must take the consequences."

"I would not like anything to go out from this court saying that the Press must or must not do anything.

The case raised a fundamental point about the values underlying our legal system, said Mr. Hoffman. In particular, the right of every individual or corporation—even the Crown itself—to invoke the assistance of the court to remedy a wrong was concerned.

The fact that BSC was a great corporation and not a small individual should not obscure the fact that everyone, great or small, was entitled to the equal protection of the law.

The hearing continues today.

# 'Stodge or starve' plan for NHS

By Robin Pauley

GOVERNMENT proposals for reorganising *the National* Health Service could put hospital catering back 20 years, giving patients the choice of "stodge or starve," the Hospital Caterers' Association said yesterday.

The NHS spends about £150m a year on provisions and when labour, plant and equipment is included this figure rises to £300m.

Mr. Brian Saunders, association chairman, said the Government proposals could "mean the disappearance of *district catering* manager posts, leaving less experienced catering staff to try to manage the vast sums of money."

The district catering manager was a highly experienced professional who insisted on high standards, ensured the elderly and mentally ill were not neglected, trained staff and identified waste.

"Without them hospitals would 'do their own thing' and standards would be set by accountants and administrators. I can foresee more like-it-or-lump-it menus and more stodge-or-starve choices," he said.

If NHS waste increased by only 1 per cent, it would wipe out the savings achieved by district catering managers, said the association.

# Workmanship in new houses criticised

BY MICHAEL CASSELL

FORTY PER CENT of new house buyers thought the workmanship in their homes was poor, according to the results of a survey issued yesterday by the National House-Building Council.

The council, which acts as the consumer watchdog in the new housing market, says it is grawing more concerned about falling standards.

At the same time, however, the national survey showed 93 per cent of the hom eowners questioned said they were pleased they had purchased a new house.

It also showed that 46 per cent of *respondents thought* the finishing of new houses was poor while nearly 60 per cent thought the after-sales service provided by house builders was slow.

Commenting on the figures for poor workmanship, Sir Peter Trench, chairman of the council, said the results of the poll were a "very bad reflection" of standards now being kept in the industry.

He warned that the council was planning to urge builders to improve the situation.

But Mr. Andrew Tait, director-general of the council, said workmanship was declining in all UK industries and he did sector was particularly bad.

"I do not think there will be any dramatic improvement, but we will try to bring home to people on the sites that they are building homes for other ordinary people to live in."

Mr. Tait warned that companies guilty of bad workmanship could lose their registration with the council, which would make it hard to sell homes.

He reminded house builders that about 40 companies a year were expelled from the register because of poor standards, and that more could be removed unless good workmanship was maintained.

Among the reasons given in the poll for not buying another new house, 57 per cent said the amount of work required to be done on a new property was a major factor, while 19 per cent mentioned shrinkage and cracks, and another 15 per cent mentioned the poor finish and workmanship.

## Three year TV film rule

EMI FEATURE films will be made available for television screening in the UK three years after cinema release, Mr. Barry Spikings, chairman and chief executive of EMI Film and Theatre Corporation, said yesterday.

He said that EMI's policy of waiting five years before films were made available for TV here no longer made sense, and that the way films were marketed today

# British air traffic to be checked

By Michael Donne, Aerospace Correspondent

A *CENSUS of UK air traffic* is to be held from June 23 to July 6 to help the Civil Aviation Authority plan the development of air traffic control.

During that period, every aircraft movement, civil and military, in UK airspace will be monitored and recorded as usual. But pilots will also be asked to provide further information than is customary, to create a more detailed picture of British aviation activity.

## Extensive

It is estimated that in the period, up to 250,000 flights of all kinds will be monitored, from Concorde supersonic airliners down to balloons, hang-gliders and airships.

*Software Sciences*, of Farnborough, will carry out the extensive day-to-day arrangements for the census.

It is hoped that the census will enable the CAA to build up a clearer picture of future demands on British airspace and air traffic control facilities by providing much more detailed information than is normally required from aircraft. The results should help planning of better services and improve even the present high safety levels.

# BAT to launch big advertising campaign

BY OUR CONSUMER AFFAIRS CORRESPONDENT

A MAJOR advertising campaign for cigarettes is being launched next week in spite of uncer*tainty surrounding Government* proposals for tougher curbs on tobacco advertising.

British-American Tobacco said yesterday that it had booked 2,000 poster sites to promote its State Express 555 brand. BAT launched State Express on to the UK market in 1978. The brand has captured about 4 per cent of the king-size cigarette market.

However, this still puts BAT well behind the market leader, Imperial Tobacco, which has about 54 per cent of the market, Gallahers with 28 per cent, and Rothmans with 14 per cent.

The BAT move was seen in the trade yesterday as an attempt to boost market share while current rules on cigarette advertising still apply.

Fresh talks are expected to be held shortly between the Department of Health and the tobacco industry on a new voluntary agreement to curb the amount of cigarette advertising. The existing three-year agreement on advertising expired last month.

Although both the industry and Government have been close to an agremeent in recent weeks, the talks have become *deadlocked*.

It is still unlikely that statutory curbs on cigarette advertising will be introduced because of the detrimental effects to competition within the tobacco industry. But the longer the delay on reaching a new voluntary agreement, the more likely is some form of legislative control.

The deadlock between the Government and industry appears to centre mainly on the size, wording and position of health warnings printed on cigarette packets and advertisements.

The Government wants the alleged dangers to health to be more forcefully put and to be printed on the front rather than the side of the packet.

The tobacco industry is resisting this firmly, although it is believed to have given way on the small amount of tobacco advertising still on television.

Another stumbling block to the successful conclusion of the negotiations is thought to be Sir George Young, the Department of Health junior Minister leading negotiations.

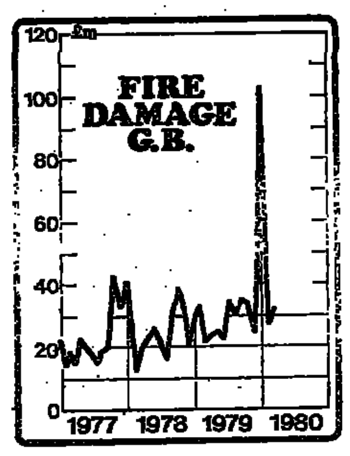
Sir George has repeated in recent weeks his implacable opposition to cigarette smoking. It is understood that he and other Health Department officials believe that the Government now has a good chance to make significant progress in reducing cigarette consumption.

A separate agreement on tobacco companies' sponsorship of sports is to be renegotiated with the Department of the Environment later this year.

# Fire costs up £5m

BY ERIC SHORT

FIRE DAMAGE costs rose by *over £5m* in March to £32.1m. There were six fires where damage exceeded £1m; the largest, at an electrical manufacturer in the South-East, caused £2m damage.




Damage costs for the first quarter of this year were £162.3m — nearly double the corresponding period last year.

The increases arises entirely from the major fire in January at the British Aircraft Corporation's warehouse at Weybridge — the most costly fire in the UK, which cost £72.5m.

# Accountant's award

FINANCIAL TIMES REPORTER

MR. DONALD IRONSIDE, deputy chairman of the Meade Committee on tax reform, was yesterday presented with an award to mark his "outstanding achievement" as a member of the Institute of Chartered Accountants in England and Wales.

The award, The Founding Societies' Centenary Award, has been set-up this year to mark the Institute's centenary.

It is the brainchild of the district societies in Liverpool, London, Manchester and Sheffield, the present day successors to the various groups of accountants woh founded the Institute in 1880, and will be awarded annualy.

Mr. Ironside, a former senior partner of a Bristol firm of accountants, has served on many of the Institute's committees dealing with taxation.

He is the author, or part-*author, of three books* dealing with taxation, but his outstanding contribution, according to the Institute, was as deputy chairman of the Committee on the Structure and Reform of Direct Taxation, known as the Meade Committee, which reported in 1978.

The award was presented by Mr. Edward Heath, MP.

# Scottish electronics sub-contractor formed

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE FORMATION of a new company, Scientific and Electronic Enterprises (SEEL), to fill a gap in the growing electronics industry in Scotland by offering a wide range of sub-contract services was announced yesterday.

Estimates of the size of the demand for electronics components and metal goods, such as frames and casings, range up to £140m a year from more than 100 electronics companies in Scotland, but because there is a lack of companies able to undertake this work many orders go to suppliers in the south of England or abroad.

Although some companies can meet specific needs, such as that for printed circuits, Dr. Derek Pringle, SEEL's chairman and managing director, believes it is the first company to offer a comprehensive range of sub-contract facilities.

SEEL's factory at Livingston new town will offer precision machining, lecertonic assembly and test, printed circuit board fabrication, technical writing and draughting and electronic design and consultancy.

Dr. Pringle added that the company also intended to build up a group of contract service engineers to maintain electronic equipment in laboratories, hospitals and industry.

It would work closely with the universities on developing new ideas and could undertake the limited manufacture of promising products. In time, SEEL hoped to introduce its own range of microprocessor-based instruments for process control, scientific and medical uses.

Dr. Pringle helped to found and build up Nuclear Enterprises, a company specialising in electronics for the health service which was bought by EMI three years ago. He remained as chairman until the beginning of this year, when he resigned to form SEEL.

More than half the equity in the new company is held by the three executive directors, who all have long experience in the Scottish electronics industry. Wilmark Research and Development, a private venture capital fund run by the Edinburgh Fund managers, Ivory and Sime, has put up £100,000 and holds 35 pef cent of the equity.

Mr. Peter de Vink of Edinburgh Financial and General Holdings, which arranged finance for SEEL, said that leasing, which attracted considerable tax advantages, had enabled the company to save money.

"Normally banks do not like to provide leasing financing for companies which do not have a track record, but in Dr. Pringle's case, his own experience and expertise in the electronics industry was record enough."

# Investors urged to back machine tool industry

BY LORNE BARLING

INSTITUTIONAL investors were urged yesterday to channe, more funds into the British engineering industry, particularly the machine tool sector.

Mr. Pat Gailey, vice-president of the Machine Tool Trades Association, said that the contraction of the machine tool industry from 85,000 to 65,000 employees over the past five years, was largely due to advancing technology.

This had helped to raise individual productivity and product design changes involved less mechanica manufactured content.

Giving the example of his own company, Giddings and Lewis-Fraser, Mr. Gailey said that in the past five years, the number of machine tools in use had been reduced by 28 per cent, while output remained constant.

"It is in the area of mechanical substitution by electronic devices, which can be better and more simply controlled, that I see the most significant penetration and growth of good technology," he told investment managers at the Mach 80 exhibition at the National Exhibition Centre.

His definition of good technology was the application of technology to create and market a product which profitably fulfilled a major market demand.

The British machine tool industry, helped by Government grants, had been investing to harness new technology at a rate in excess of twice its allowed depreciation.

"If the rest of British engineering industry was investing at the same rate, the only problem the machine tools industry would have would be one of capacity, and how to execute a two-year backlog of orders." Mr. Gailey said.

Research and development spending in the machine tools industry was around 3.8 per cent of annual sales, compared with two per cent in all engineering.

# Shop thefts 'cost £1bn this year'

By James McDonald

THEFT could cost shops nearly £1bn at retail prices this year, and the loss will be passed on to customers, a London security conference was told yesterday.

The loss, which excludes food thefts, will be through maladministration as well as thefts by staff and customers, Mr. N. T. Griffin, assistant manager of British Home Stores, told the International Fire, Security and Safety Exhibition and Conference.

More than 250,000 thefts will be reported to the police during the year, and about 50 per cent of offenders caught would be under 17, he said.

Mr. Griffin said theft control was possible if the reaail industry committed itself to a responsible and determined policy. There should be greater recognition by the law that retail theft is a crime, and probation officers, social workers, and parents' associations should recognise it as a national scourge and not just a small deviation from the norm.

# Money policy alone 'cannot cut inflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

SCEPTICISM about whether the Government's new medium-term strategy will be sufficient on its own to cut the inflation rate to 5 per cent by late 1983 is expressed in the latest Lloyds Bank economic bulletin.

Mr. Christopher Johnson, Lloyd's economic adviser, argues that since pay as well as money determines prices, monetary policy is necessary but not sufficient to control inflation.

It needs, he believes, to be supplemented by a voluntary incomes policy, in which each year's pay increase would be no higher than last year's price increases. Such a policy would depend for its success on a faster growth of real output than the one per cent a year assumed in the official strategy.

While welcoming the strategy as a revalation of Government assumptions, Mr. Johnson says it leaves important gaps to be filled by making no projections for pay and prices. It also underestimates the future flow of North Sea oil revenues.

He says the strategy may reduce the rate of inflation to just below 10 per cent by 1984 or 1985 if the targets are adhered to.

Similarly, stockbrokers Laing and Cruickshank welcome the plan in principle but say it is incomplete. They suggest that the one per cent a year reduction in monetary growth may be more difficult to achieve than the plan suggests and will require the maintenance of high interest rates.

The firm says the Budget should be seen as a deliberate attempt to induce a recession in order to bring the inflation rate down.

Stockbrokers Simon and Coates say the problem with the current Government strategy is that, if it remains unadulterated, it will be difficult to see exactly when market forces will bring a significant drop in wage settlements, whatever happens to the money supply.

As inflation declines cyclically, to perhaps 12 per cent by the end of 1981, settlements may fall towards that level but further progress will be slow and painful.



APPOINTMENTS

# Halifax Building Society post for Alan Robertson

Dr. Alan Robertson has been appointed to the London board of the HALIFAX BUILDING SOCIETY. Dr. Robertson is a main board director of Imperial Chemical Industries and a director of ICI Australia and other companies.

★

Mr. B. H. Nicholson has been appointed chairman of RANK XEROX (UK) and Mr. Graham Clark, has been made managing director. The previous chairman of that company was Mr. Hamish Orr-Owing, now chairman of the parent concern Rank Xerox Limited. Mr. Nicholson, who is a main board director, also becomes chairman of RANK XEROX GMBH (GERMANY) and continues as regional director of group companies in Austria, Switzerland and the Netherlands.

★

Mr. Ronald K. Will has become chairman of SCOTTISH EQUITABLE LIFE ASSURANCE SOCIETY, succeeding Mr. Ernest M. Dawson, who has retired. Mr. Will was appointed a director of the society in 1965 and is senior partner of Dundas and Wilson, of Edinburgh.

★

Mr. H. B. Coates, Mr. D. C. Culhane, Mr. R. T. Eddleston, Mr. P. F. J. Rendell and Mr. A. P. Tweed will be joining the partnership of DE ZOETE AND BEVAN, stockbrokers, on April 28. At the same time Mr. M. Hughes, Mr. S. K. McLean, Mr. D. R. Porter, Mr. R. J. Sinclair and Mr. D. M. Wadwell will become associated members.

★

Mr. R. W. Gordon and Mr. N. E. Heilaby have retired from the partnership of PIDGEON DE SMITT, stockbrokers. Mr. J. E. Bury has retired from the partnership at his own request but will continue as a consultant. They remain associate members with the firm. Mr. D. M. Ambrose has relinquished his partnership. On April 28, subject to Stock Exchange permission, Mr. J. Entwistle and Mr. L. Lowdon join the partnership. Mr. R. A. R. Skinner, formerly with J. and A. Scrimgeour, joins the firms as an associate member.

★

Mr. David Wethey, managing director of Royds London, has been appointed a director of the ROYDS ADVERTISING GROUP. Mr. Michael Daly has been made deputy managing director of Royds London.

★

Mr. Dudley Weedon has succeeded Mr. J. P. Utterson as chairman of ENERGY COMMUNICATIONS, which is owned jointly by Cable and Wireless and Internatoional Aeradio. Mr. Weedon is the director of technology with Cable and Wireless. Mr. Utterson is deputy chairman and managing director of International Aeradio.

★

Mr. Derek daCosta has been appointed to the main board of LONRHO TEXTILES. He was previously group retail operations and development director of the Wallis Fashion Group.

★

Mr. W. W. Rhodes has been appointed group managing director of ALEXANDER SHAND (HOLDINGS) and Mr. D. G. Kirk has become chief executive of the mining division of Lehane Mackenzie and Shand (Shand Mining). They succeed Mr. K. H. Dabell, who remains deputy chairman of the group.

★

Mr. Ken Rimmer, vice-president, has been appointed manager of the London branch of the BANK OF CALIFORNIA N.A.

★

Mr. W. F. Norcott has been appointed a director of DENBY-WARE. Mr. Norcott, who is a Canadian citizen, will have specific responsibility for the North American subsidiaries.

★

Mr. D. A. MacGillivray has been appointed to the board of INTERNATIONAL RESEARCH AND DEVELOPMENT COMPANY, of Newcastle upon Tyne.

★

Mr. David Cole, general manager, marketing, has been elected to the board of CONOCO LIMITED, the UK refining and marketing affiliate of Conoco Inc.

★

Mr. Peter Johnson has been appointed managing director of PLASCOM, succeeding Mr. George Prentice, who will remain a non-executive director. Plascom is part of Tarmac's industrial division and Mr. Johnson continues as a director and secretary of that division.

★

Mr. Crispin Russell has been appointed a director of CHARLES BARKER CITY from May 1.

★

Mr. Stephen T. Boyes has been appointed director of sales development to LONDON TEA AND PRODUCE COMPANY and will be responsible for the UK and North and South Ireland.

★

Mr. Martin D. Conway has been appointed a director of COOPER GAY AND CO.

# Butter not for barter in the budget

BY PHILIP RAWSTORNE

Mrs. Margaret Thatcher was *hard pressed* in the Commons yesterday about the EEC budget deal on offer at the Luxembourg summit this weekend.

Was it to be a sell-out? Or a carve-up?—Labour MPs demanded suspiciously.

*From the Prime Minister's* evasions and Mr. Peter Walker's later omissions, it appeared at least that the *Government was preparing to* trade a dab of butter for another slice of the loaf.

Mr. James Callaghan five *times sought assurances that* the Government would stick to its freeze on the prices of commodities in surplus; that the farm prices issue would not be linked to the budget negotiations.

He failed to get an answer that satisfied him. Mrs. Thatcher countered: "The agricultural price agreement will be dealt with on its merits ... but we are certainly *prepared to look at other* matters in the same time-scale."

Farm prices would not be *bargained against the budget?* "We are not bartering a settlement in one sphere against a settlement in *another*," Mrs. Thatcher declared.

But she repeated that the issues could be considered in *the same time-scale*. "*If we* expect the Community to help us sort out our problems, we must be expected to help *them sort outt heirs*."

Labour MPs, sure they could detect a retreat through the smokescren of words, hooted *derisively—and Mr.* Callaghan demanded clarification.

Would she agree to price increases for surplus commodities? he asked, or would she stand firm?

Mrs. Thatcher retorted angrily that she was being *asked to do much more than* the Labour Government had ever achieved.

Farm prices would be *settled in the ordinary way at* the Council of Agricultural Ministers, she insisted. "We are not going to barter prices *in the agricultural sector* against the Budget."

Mr. Callaghan snapped that the Commons and the country *would draw their own conclu*sions from that attempt to wriggle out of a commitment.

But protesting noisily, *Labour MPs waited im*patiently to pin the issue on Mr. Walker, the Agriculture Minister.

*Mr. Roy Mason congratu*lated him on his resolute stand at Luxembourg. But would the Prime Minister do the same?, he queried.

"We do fear a sellout at the summit," Mr. Mason confide dand urged Mr. Walker to assure him otherwise.

*Mr. Walker, lightly but* shrewdly, refused to get involved in that affair. He had upheld his position on farm *prices, he reported. A negotia*ting position, he added, which had been agreed by the Government as a whole.

But neither Mr. Richard Body, from the Tory benches, nor Mr. Bob Cryer and Mr. Ron Leighton from the Labour side, could persuade him to reaffirm that any price increases would be vetoed.

Mr. Walker readily agreed that his position now was to oppose any increases in the prices of surplus commodities.

When it came to questions of the future, he became decidedly hazy.

"But if we get half a loaf," he declared finally, "we shall do better than the previous Government which never got a crust."

# Backbench rebels call for commitment

*By Elinor Goodman, Lobby Staff*

THE ORGANISERS of this week's Conservative rebellion on the Employment Bill kept up the pressure on the Government yesterday to commit itself to introduce tougher trade union legislation in the next session.

**Mr George Gardiner**, MP for Reigate, and one of the authors of the backbench amendments to the Bill, claimed that the voting figures on the new clauses did not reveal the true depth of dissatisfaction with the Government's proposals on the Tory backbenches.

He also raised the question of whether Mr James Prior should stay on as Employment Secretary.

The biggest rebellion was on Wednesday night when 48 Tory backbenchers insisted on pressing their own amendment on the closed shops. This compared with a revolt of 45 on Tuesday and 37 last Thursday when a group tried to toughen up the Government's plans for restricting trade union immunities.

Mr Gardiner claimed that *in* all, nearly 100 Tory MPs had registered their protest over Mr Prior's Bill during the last week.

He pointed out that some of those who had voted with the rebels on Wednesday night had *not taken part in the previous* revolts and, by the same token, some of those who had defied the whips in the earlier votes, *had fallen in line on* Wednesday.

On each occasion, re claimed, a further 25 had deliberately abstained and "scores" more had told the whips of their "deep misgivings."

Mr Gardiner, a committed Right-winger, called on the Government to accompany its Green Paper proposals on trade union immunities later this year with a firm commitment to legislate by the end of the 1982-83 session of Parliament.

"Whoever the Employment Secretary may be then, he will have the honour to be presenting a Bill that unites the Conservative Party, instead of dividing it," Mr Gardiner maintained.

This week, he said, Tory backbenchers had been put in the invidious position of having to *choose between honouring the* spirit of their election pledges and supporting the Government. That must not be allowed to happen again, he said.

# Thatcher rejects demand to reduce value of the £

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A LABOUR demand that the Government should take action to reduce the value of the pound was firmly rejected in the Commons yesterday by the Prime Minister.

Mrs. Thatcher was replying to a question from **Mr. Robert Sheldon** (Ashton-Under-Lyme), who was Financial Secretary to the Treasury in the last Labour Government.

He told her that yesterday's further rise in the value of the pound would produce more *problems for British manu*factured exports, and bring in more imports to the great disadvantage of British industry.

*Therefore, he urged her to* instruct the Governor of the Bank of England to sell sterling and bring the price down.

*Mrs. Thatcher sharply replied* that, if she were to instruct the Governor to sell sterling and so on selling it, then "the money *supply would go through the* roof and we should be laying the foundation for the next round of inflation."

Earlier, *during questions to* Treasury Ministers, there was pressure from both sides of the House for interest rates to be brought down. There were renewed Labour calls for a "windfall" tax on high bank profits. From the Conservative side, there were suggestions that the clearing banks should introduce two-tier differential interest rates, in order to help industry.

**Mr Robert Parry** (Lab., Scotland Exchange) complained of the massive profits of the clearing banks and of British Petroleum. He wanted the Government to heed the call of the TUC for a special tax on these "obscene and exorbitant profits."

**Mr Nigel Lawson**, Financial Secretary to the Treasury, conceded that the size of the profits was partly a side-effect of Government policy. He said the Chancellor had made it clear in his Budget that he was examining whether it would be advisable to introduce a tax on the windfall element of bank profits.

"But it would be foolish to rush into hasty decisions that might have intolerable side *effects of their own*," *he empha*sised.

A Tory Right-winger, **Mr Tony Marlow** (Northampton North) *said that, in view of the recent* wage increases to bank staffs, there was evidence that the clearing banks were "just a tiny *bit monopolistic.*" *He thought it* would be a good idea for the Government to look into this aspect.

Mr Lawson assured him: "The Chancellor is looking into this problem."

**Mr Denzil Davis**, a Labour Treasury spokesman, accused the Government of being afraid of the City and the banks. He said that an excess profits tax could be introduced by a simple clause in the present Finance Bill.

But Mr Lawson told him: "There are considerable practical difficulties."

**Mr Nicholas Winterton** (C., Macclesfield) pressed him on the possibility of differential interest rates, and said that many of the countries with which we competed had adopted such a system.

Mr Lawson agreed that some countries had done so, but added: "To shelter one section of the economy at the expense of another would undermine the effectiveness of the Government's overall monetary policy."

He assured the House: "Our whole intention is to bring interest rates down for the sake of small businesses and others as soon as it is safe to do so."

**Mr. Denis Healey**, Shadow Chancellor, asked Mr. Biffen if he really believed the forecast in the Red Book that inflation would be at 16.5 per cent for the fourth quarter of the year.

Mr. Biffen said that he quoted the figure of 16.5 per cent from the Red Book because it was published with the authority of the Government and was intended to contribute to public discussion and understanding. But, he added, politicians would only get into difficulty if they "crucify themselves on these figures."

# Gilmour criticises 'Princess' film

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ATV film "Death of a Princess," which led to the recall of the British Ambassador from Saudi Arabia, was strongly criticised yesterday by **Sir Ian Gilmour**, the Deputy Foreign Secretary.

The film also came in for harsh words from MPs and peers who were particularly concerned at the growing use of fictionalised treatment of documentary subjects no television.

Sir Ian said that the whole genre was something to which the Independent Broadcasting Authority and BBC should be giving very careful attention.

There were passages *in the* film which were not factually based but were based on "innuendo and rumour" and "should never have been shown."

He said that the dressing up of fact with fiction was objectionable, extremely dangerous and misleading.

Nevertheless, he stressed the Government was not trying to interfere with the freedom of the media and would not be making representations to the IBA although he had no doubt they had taken note of what had happened.

*Nor was it right for the House* to make an apology to the Saudi Arabians for something over which it had no responsibility.

*Mr. Nicholas Winterton (C., Macclesfield)* caled on the Government to apologise to the Saudi Government and Royal Family for the film. He alleged that the director, Mr. Anthony Thomas, had a "history of producing inaccurate and biased films." He wanted the oGvernment to ensure that "these Left-wingers do not have the power to undermind the best interests of the UK."

Speaking from the Labour backbenches, **Mr. Andrew Faulds**, arts spokesman, criticised the irresponsibility and self interest of some of the bright boys of the media.

But **Mr. Peter Shore**, Labour's Front Bench spokesman on foreign affairs, urged the Miinster to make it plain to the Saudi Government that *Press and TV in Britain were* not subject to Ministerial dictation.

The Miinster agreed that the lowering of relations between Britain and one of the most important countries in the Middle East was a setback. But with goodwill on both sides, he hoped that misunderstandings could be overcome and normal relations resumed.

In the Lords, **Lord Carrington**, made a similar statement and said it might be as well for the producers of such programmes to "have a good look at the consequences of what they were doing."

# Warning on high pay settlements

BY IVOR OWEN

COMPANIES WHO concede excessive pay *settlements are go*ing to find it harder to evade the consequences by charging higher prices, **Mrs Sally Oppenheim**, Minister of Consumer Affairs, forecast in the Commons last night.

But, like the Prime Minister in an earlier speech, she admitted that the rate of inflation in Britain is likely to increase before it starts to come down later in the year.

Mrs Oppenheim looked to the effect of the combination of vigorous competition and the Government's tight monetary policy to make it increasingly difficult for companies to pass on the cost of uneconomic pay *deals in higher* prices.

She was mocked and ridiculed from the Opposition benches as she reaffirmed her belief that Government policies will eventually provide an enduring cure for inflation.

Amid Tory cheers, Mrs Oppenheim maintained that the former Labour Government was mainly responsible for the fact that the rate of inflation had doubled to almost 20 per cent over the past 12 monhs.

Disputing this view, **Mr John Smith**, Labour spokesman on Trade, cited the four percentage points increase in the Retail Price Index, directly attributable to the measures included in Sir Geoffrey Howe's first Budget.

He moved an Opposition *motion* deploring "the soaring cost of living which is a direct result of the economic and financial policies of the Government."

The Opposition motion was defeated by 302 votes to 232, a Government majority of 70.

Mrs Oppenheim argued that the Labour Government had relied on cosmetic policies to conceal and delay the effects of inflation instead of tackling the root causes.

There was excessive growth in the money supply and excessive growth in real earnings at a time of static productivity.

The rate of growth in the money supply had already been brought under control by the Government, and it was essential to achieve a similar position with wage settlements.

Mrs Oppenheim claimed that after account had been taken of the "post dated cheques" written by the Labour Government, pay settlements would be seen to respond to Government policies in the public as well as the private sector.

"Recognition of the consequences of excessive pay settlements in the future is essential," she declared.

*Waiving aside derisory* comments from the Labour benches, the Minister stated: "The fight against inflation has still to be won.

"A week may be a long time in politics, but a year is not a long time in economics. At last, after five years of economic degradation as far as this country was concerned, we have a policy that can win it, and a Government with the determination to see that it does."

Mr. Smith contrasted the claims made by Conservative leaders during last year's general election campaign about the measures which would be taken to slow the rise in prices with the events of the Government's first year of office.

The fact was that the inflation rate had doubled in the past 12 months and, on the admission of Ministers, was likely to rise still higher over the next few months.

Mr. Smith stressed that the Government had not only force up the cost of living by increasing VAT to 15 per cent, but had further added to the burdens borne by family budgets by insisting on massive increases in gas and electricity prices.

Result of these and other Government decisions was also reflected in higher rates and higher transport costs.

He said: "Our case is that the Government has needlessly, and wrecklessly, poured fuel on the fire."

Winding up from the Opposition Front Bench, **Mr. John Fraser**, *a Trade spokesman, said* the only remedy for inflation put forward by the Government was firm control of money supply. *This was a form of trench war*fare which would lead to thousands of casualties for a few inches of ground. The Government, he said, had sewn the seeds of its own destriuction.

**Mr. Jo Grimond**, the former Liberal leader, underlined the need for the leaders of the nation to set the example in accepting restraint in salary increases.

Mr. Grimond also advocated a more decisive role for the Bank of England in determining monetary policy. *Perhaps the* time had come, he said, to denationalise the Bank of England and return the control of credit to other than Government hands.

# Mini output to resume as BL men end strike

*By Arthur Smith.*

MORE THAN 1,000 workers at BL Cars' Longbridge plant at *Birmingham* voted yesterday to end a strike in protest at new conditions of employment. Production of the Mini and Allegro will resume today and there will be a progressive recall of the 6,000 workers laid off.

The dispute centred on 48 welders who walked out because of a company decision to stop "togging-up" allowances —payments of up to £8.25 a week for workers to cover the time spent to don protective clothing.

Under the compromise formula, the men will lose the payment but be allowed to "tog-up" in company time rather than their own. The position *will be* reviewed within two months.

Meanwhile, the company was last night continuing its *efforts* to get a *return to work* by strikers at the two Jaguar plants in Coventry, which have defied the threat of dismisal.

The company has given the unions until next Monday to secure a return or the men will be considered sacked. BL Cars maintained last night that workers were beginning to drift back to work and that only 1,800 of the original 3,000 were still on strike.

The Jaguar employees object to a new grade structure. The Transport and General Workers' Union has rejected the offer of an *independent appeals panel* and is pressing for talks on the wider issue of the future of Jaguar.

*The dispute was an important* topic for Mr. Ray Horrocks, managing director of BL Cars, in talks last night with Mid*lands regional officials and shop* stewards of the transport union.

The meeting, near Coventry, was called to clarify the position on the "agreement of understanding" negotiated by the company last week with national leaders of the 11 unions representing the 85,000 manual workers.

BL sees the transport union shop stewards as the main obstacle to the smooth introduction of changed work practices. They are pressing for official support for opposition to the company's proposed new working methods.

● The AUEW executive faces opposition over an attempt to introduce a new pay structure for officials giving increases of up to about 27½ per cent.

# Post Office workers to consider local productivity schemes

BY NICK GARNETT, LABOUR STAFF

LOCAL productivity schemes partly designed to reduce excessive overtime will be discussed next month at the annual delegate conference of the Post Office's biggest union.

The local schemes are distinct from national productivity arrangements tied to a 15 per cent pay settlement *which were* accepted by almost 8 to 1 in a Union of Post Office Workers' ballot. A special union *conference had earlier rejected the* plan.

The Post Office is now proposing the establishment of *local schemes similar to one* drawn up for the London postal region. The start of the London experiment is dependent on the *union conference. Management* says it could have a "quite dramatic" impact on productivity.

The schemes would involve work studies to produce agreed norms for traffic handling related to staffing levels which the Post Office sees as crucial *to improving performance.*

The union said yesterday that this could produce three extra cash payments.

Postal workers would be entitled to a fixed percentage of the savings from reducing overtime and lowering staffing *through natural wastage and* other means. There would also be a payment based on quality of service, and further money *if the agreed norm for traffic* handling was bettered.

It would be possible for some local areas to agree local *schemes with others declining* to do so.

Mr. Tom Jackson, the union's general secretary, said the local schemes were much more "self-motivating" than the national productivity arrangements.

He said he was delighted at the decision on the national arrangements which would help to produce a better service vital to the Post Office's health.

# AUEW is to oppose steel jobs loss

By Alan Pike, Labour Correspondent

THE SECOND largest union in the steel industry yesterday declared itself firmly against the British Steel Corporation's plans for some 55,000 redundancies in the near future.

*At Blackpool*, members of the Amalgamated Union of Engineering Workers' national committee unanimously adopted *a resolution opposing* proposed closures and demanding an inquiry into the running of the industry and increasing steel *imports*.

Mr. Gavin Laird, executive member responsible for the industry, said afterwards that the resolution meant the AUEW would support action by its 15,000 BSC members in defence of jobs.

He believed the resolution would strengthen the union's hand in pressing, through the TUC, for modification of the closure programme. The AUEW accepted the need for rationalisation but not without regard for the consequences.

# Factory campaign call to unions

BY OUR LABOUR STAFF

TRADE UNIONS would have to mount a campaign on factory floors if there was no other way to stop the "bludgeoning" of the movement by the Government, Mr. Ron Todd, national organiser of the Transport and General Workers Union, said yesterday.

He was speaking at the Scottish Trades Union Congress in Perth, where a resolution rejecting measures contained in the Employment Bill was carried unanimously.

Delegates were urged by Mr. Donald McGregor, of the General and Municipal Workers Union, not to be "deluded" by the kindly image of Mr. James Prior, Employment Secretary. Mr. Prior was the Iron Lady's velvet-glove puppet, Mr. McGregor declared.

Mr. Ron Hayward, general secretary of the Labour Party, told the Congress that Mrs. Thatcher was making the unions the scapegoat for all Britain's troubles.

"That is why she is hell-bent on making strikes, if not illegal, then impossible to pursue with any impact."

Yesterday's speakers returned to the rallying cry of this year's Congres—to make the TUC's May 14 "day of action" a massive protest against Government policies.

Mr. Frank Chapple, general secretary of the Electricians' union who on Wednesday was condemned by his TUC general council colleagues for criticising the "day of action," yesterday struck a more cautionary note.

In a speech to Dundee and Tayside Chamber of Commerce, he said if the unions were pushed into a corner by an insensitive government, crisis would be the hallmark of the 1980s, and massive political *action would be the goal* and method adopted by unions.

Unions had to accept a greater share of responsibility *for curing some of Britain's ills*, he added.

Robin Reeves, our Welsh correspondent adds: Welsh transport, docks, schools and other public services will be halted by the TUC's "day of action" Mr. George Wright, general secretary of the Wales TUC, predicted in Cardiff yesterday.

Mr. Wright said Welsh miners, engineers and steelworkers were not yet among the 15 unions to have pledged their support. But he was confident their backing would be forthcoming soon, given the need for solidarity to fight the major unemployment threatened in the steel and coal industries of Wales.

# Chemical pay offer rejected

By Our Labour Staff

UNIONS IN the chemical industry have rejected a national pay offer worth about 18 per cent.

Mr. David Warburton, General and Municipal Workers' Union national officer and chairman of the joint union council, said the offer had been turned down because it did not include a reduction in working hours and was below the level of inflation.

"The employers must face up to the fact that a successful industry, such as chemicals, cannot live with low national pay rates, and a move on hours is crucial," he said.

# Stumbling block to rail agreement

**PHILIP BASSET examines the background to the National Union of Railwaymen's refusal of British Rail's 20 per cent pay offer, though the union's negotiators had recommended it and the other rail unions accepted.**

THE ANNOUNCEMENT yesterday that the executive of the Nationl Union of Railwaymen had overturned its negotiators' recommondations to accept British Rail's 20 per cent offer leaves the rail pay negotiations in exactly the kind of difficulties of which there were warnings before talks began.

The British Rail board was *strapped by the tight financial* restrictions of its cash limits as were the unions by the need at least to try to match rate of *inflation and leading deals of* 20 per cent such as those for mineral and water workers.

Ministers, though wary of *breakdown of negotiations, were* determined to follow the line taken with BritishS teel and not to intervene.

So relief last week when leaders of all three rail unions, the NUR, the train drivers' union ASLEF and the white-collar Transport and Salaried Staffs Association agreed to recommend the deal for acceptance was widespread.

BR was jubilant because while the deal was expensive, about £220m in a full fiscal year, it included what the board described as a "major breakthrough," a commitment by the unions to major productivity changes which the board had sought for some time.

*Mr. Norman Fowler, the* Transport Minister, has repeatedly stressed the need for BR to improve its productivity. *BR sees improved productivity* as the key to the confidence of the Government in the railways future.

While throughout the negotiations *it was ASLEF that* baulked at linking productivity and pay in this settlement, and the NUR seemed content, in the *end the positions were reversed.*

ASLEF accepted the deal, while productivity proved the stumbling block for the NUR.

*Some changes envisaged by* the board, presented to the unions last year under the heading "The Challenge of the 80s," were far-reaching.

They include:

- A new approach to rostering, including incorporation of week-end working in the standard rostered week;
- Removal of restrictions in promotion, training and redundancy arrangements;
- A less costly and time-consuming consultation procedure;
- Phasing-out of the posts of guard and conductor-guard;
- An end to overmanning on trains;
- Removal of demarcations;
- Closing of spare marchalling yards for freight;
- *Complete rationalisation of* the parcels business;
- Greatly increased use of technology for routine tasks.

While no figures for job losses have been officially put on the board's proposals, the productivity element was more than the NUR executive could *stomach. The union wants pay* and productivity kept completely separate.

BR, having won agreement in *a series of talks which were* according to one union negotiator among the toughest in the industry in recent years *to the proposals from union* leaders, is not going to let them go easily.

Senior BR officials were *insisting yesterday that the* productivity commitment was an integral part of the negotiations and the package, and that the two could *not be pulled* apart.

The offer, which gave a 16 per cent increase from last Monday an da further 4 per cent from June 30, would have raised after both stages a railwayman's rate from £48.95 to £58.75, a guard's rate from £61.15 to £73.40 and a driver's from £78.20 to £93.85.

Average earnings, depending on any efficiency improvements, could have risen to about £100 for railwaymen, more than £110 *for guards and over £130 for* drivers.

The executives of ASLEF and the TSSA accepted the deal almost immediately. The NUR put off consideration of the package until yesterday.

The result, while not the first *overturning* of NUR negotiators, was, at 21-6 against acceptance, the most overwhelming in recent years. Many BR and rail union officials believe that had the NUR considered it earlier, acceptance would have gone smoothly.

The unions, though, have *acted in concert* throughout the negotiations, and neither ASLEF nor TSSA would sign the deal before all three were *ready*.

The delay could create the procedural space the NUR needs to persuade the other two unions *to join it in fresh* negotiations with the board. For BR the delay could become critical.

The main BR settlement also has *a direct effect on negotia*tions *for 23,000 London Trans*port workers, who have been offered 15 per cent plus 5 per *cent productivity: for 50,000* engineering workers, offered a similar deal to the main BR package; and BR's hotel, catering and Sealink staff.

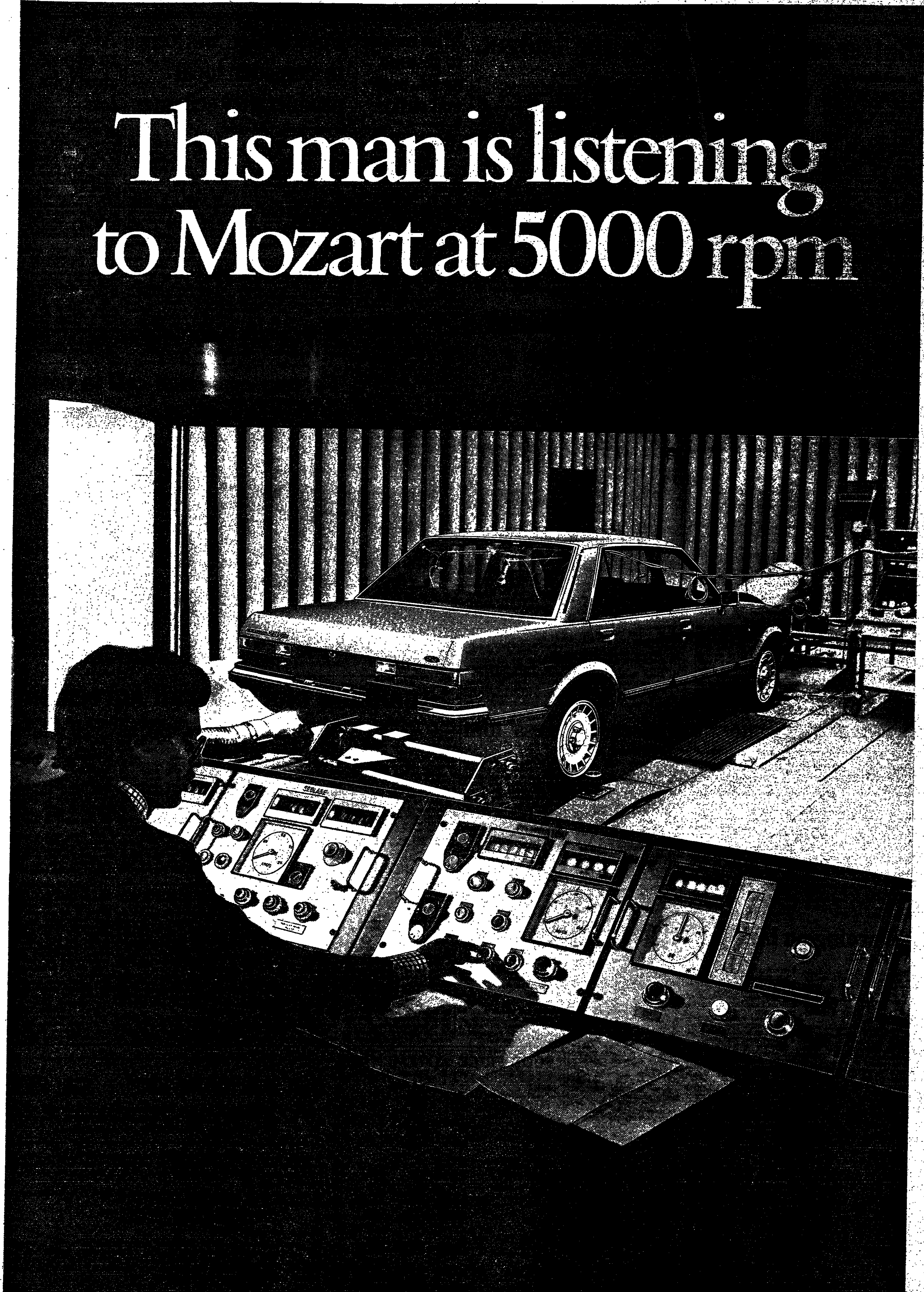
Some union officials thought yesterday that the whole issue might have to go before a tribunal.

Following some decisions of the Railway Staffs' National Tribunal, BR might be less *than happy at leaving to the* tribunal a decision likely to bear on whether the strategy of Sir Peter Parker, BR chairman, to improve the industry's performance comes off.

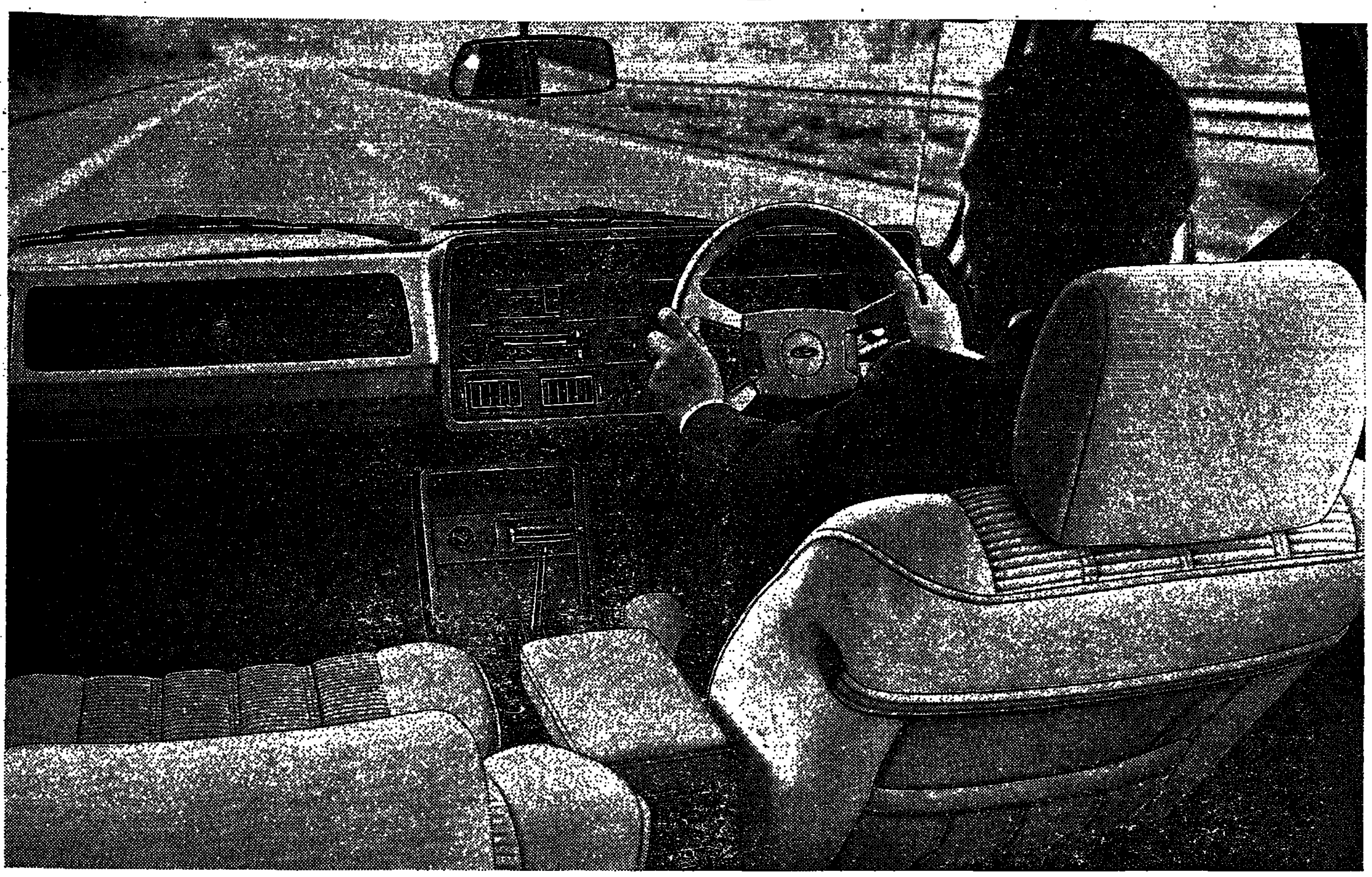
# FOOD PRICE MOVEMENTS

| | March 24 £ | Week ago £ | Month ago £ |
|---|---|---|---|
| **BACON†** | | | |
| Danish A.1 per ton ... | 1,230 | 1,230 | 1,230 |
| British A.1 per ton ... | 1,180 | 1,180 | 1,180 |
| Ulster A.1 per ton...... | 1,180 | 1,180 | 1,180 |
| **BUTTER†** | | | |
| NZ per 10 kg ........... | 15.50/15.63 | — | 14.80/14.97 |
| English per 10 kg ...... | — | 19.07 | — |
| Danish salted per 10 kg ................ | 19.43 | 19.43 | 19.18 |
| **CHEESE‡** | | | |
| English cheddar ...... | 1,545 | — | — |
| Irish cheddar .......... | — | — | — |
| Danish cheddar ......... | 1,485 | 1,465 | 1,460 |
| **EGGS*** | | | |
| Home produced: | | | |
| Size 4 ................ | 4.35/4.60 | 4.40/4.60 | 4.60/4.70 |
| Size 2 ................ | 5.10/5.40 | 5.00/5.40 | 5.10/5.20 |
| | **March 24 p** | **Week ago p** | **Month ago p** |
| **BEEF** | | | |
| Scottish killed sides ex-KKCF ............ | 69.0/74.0 | 65.0/69.0 | 65.0/69.0 |
| Eire forequarters ...... | 48.0/51.0 | 48.0/50.0 | 48.0/50.0 |
| **LAMB** | | | |
| English .................. | — | 64.0/72.0 | 64.0/74.0 |
| NZ PLs/PMs ........... | 60.0/62.0 | 52.0/51.5 | 53.0/54.5 |
| **PORK** | | | |
| *All weights* .............. | 37.0/50.0 | 38.0/49.0 | 37.0/49.0 |
| **POULTRY** | | | |
| Oven-ready chickens... | 39.0/48.0 | 39.0/48.0 | 39.5/48.0 |

* London Egg Exchange price per 120 eggs. † Delivered.
‡ 20-kg rindless blocks delivered, per tonne.




*A Ford acoustics engineer listens to music relayed from the car radio while a Ford Granada is tested at high speed on the rolling road. Why? Read the full story on the opposite page.*



*New techniques in acoustic engineering make the Ford Granada quiet and relaxing at speed.*

**In engineering jargon there is a phenomenon known as N.V.H.**

**It stands for noise, vibration and harshness.**

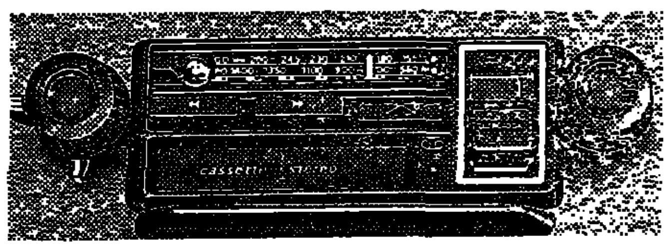
You can easily tell how badly your car suffers from N.V.H. by the volume at which you have to play your radio and the way that you feel after a long journey. It's very tiring.

The rudimentary cure is to fill the car with sound-deadening material. Everybody does this to some extent, even Ford.

But we believe that prevention is better than cure. After all, with the technology that we have at our disposal, there are more scientific ways of insulating you from N.V.H.

Let us tell you how the passenger compartment of the Granada is sealed off.

At the Ford design and development centre we have a room which is known as the anechoic chamber. It's here, on the rolling road, that our acoustics engineers explore new techniques in sound proofing.



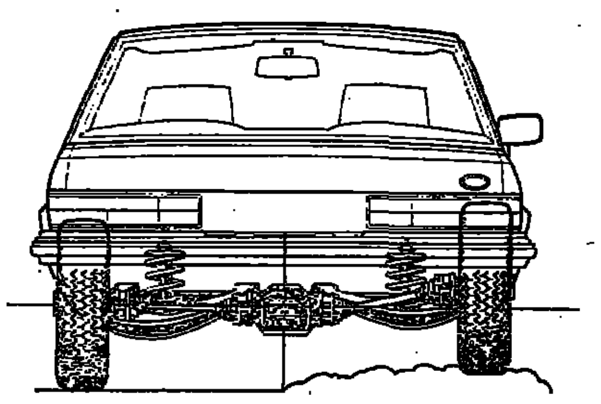
**Mozart would have loved one**

Having gone to such lengths to create a silent car, it is only right that you should have a brilliant sound system.

This set has four speakers, which you can balance from side to side and front to back, a push button stereo radio with electric aerial and a cassette deck. It is one of several options you can order in your Granada. We dare say it could compare favourably with the system in your living room.

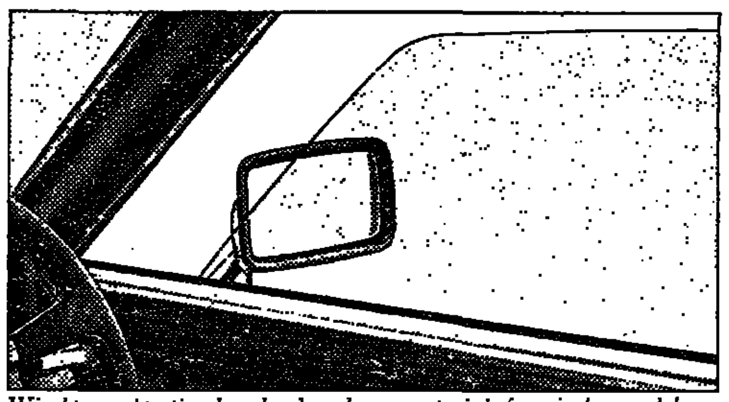
The test engineer, opposite, is listening to music from the car's radio while the Granada is run at high revs. The car is wired to a series of electronic stethoscopes, strategically placed to relay the exact source of mechanical noises which "penetrate" the music. In this way we can detect and eliminate sounds on frequencies which are uncomfortable to the ear.

This kind of testing has led to the development of bearings that run more quietly, gears that mesh more smoothly and specially tuned rubber bushes to insulate the engine, suspension, differential and exhaust system from the bodywork. At no point is there any metal to metal contact between the passenger compartment of the Granada and any moving part, except via the gear lever.



*The Granada's all round independent suspension is insulated from the passenger compartment by specially tuned rubber bushes.*

The body panels, too, are examined for their acoustic behaviour to make sure that they don't transmit drumming or resonance. At high speed a badly designed body panel can vibrate like a tuning fork. If you're listening to the latest pop music on the radio you might not notice, but it could be a problem with Mozart.



*Wind tunnel testing has developed new materials for window and door seals. Windows on Ghia models are electrically operated, of course.*

And testing in our wind tunnel, which can create 110 mile an hour gales, has practically eliminated wind roar around the door and window seals. Next time that you see a Granada, look at the smooth detailing around the windscreen pillars. (This kind of streamlining helps with fuel consumption too.)

The fact is that N.V.H. was designed out of the Granada from the drawing board upwards. It even influenced the choice of engines. The motoring press were quick to appreciate the smooth performance of the Granada's V6, an inherently well balanced configuration, and the Granada's safe, decisive handling.

Why not ring your local Ford dealer today and arrange for a test drive.

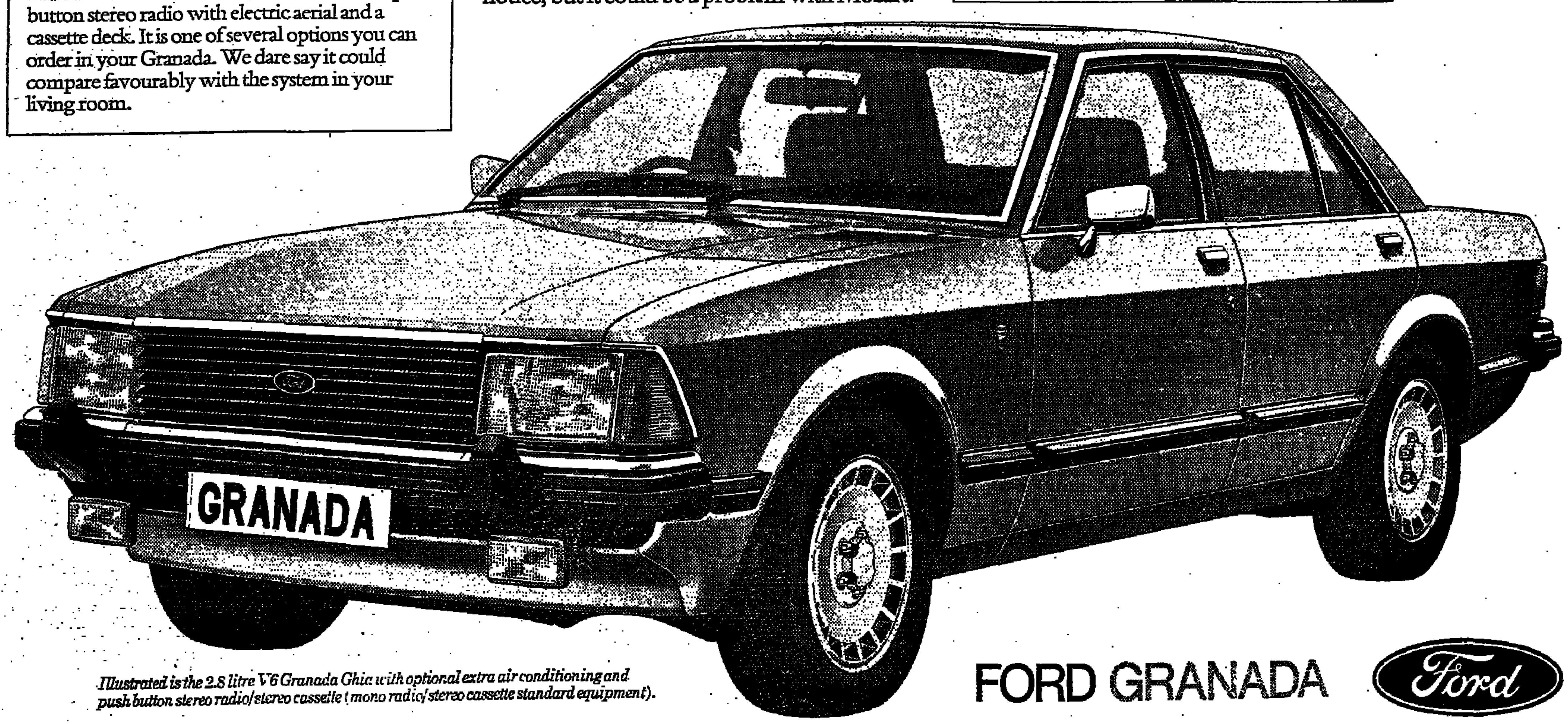
You'll be quietly impressed.

| Engine size (litres) | Max Speed (mph)* | 0-60 mph secs* |
|---|---|---|
| 2.0 L (manual) | 102 | 11.1 |
| 2.3 L (manual) | 107 | 10.2 |
| 2.8 GL (manual) | 114 | 9.5 |
| 2.8 Ghia (automatic) | 109 | 11.3 |
| 2.8 Ghia S fuel injection (manual) | 120 | 9.0 |
| 2.1 Diesel (manual) | 85 | 22.5 |

*Ford computed performance data for saloon models.

| GRANADA PRICES | | |
|---|---|---|
| Granada L | from | £5719 |
| Granada GL | from | £7693 |
| Granada GLS | from | £8891 |
| Granada Ghia | from | £9050 |
| Granada Ghia S | from | £10056 |
| Granada Diesel | from | £6180 |
| Granada Estate | from | £6330 |

Maximum prices as at February 4th 1980. Seat belts, car tax and VAT included. Delivery and number plates at extra cost.




*Illustrated is the 2.8 litre V6 Granada Ghia with optional extra air conditioning and push button stereo radio/stereo cassette (mono radio/stereo cassette standard equipment).*

**FORD GRANADA**

Ford

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

## Big optical fibre programme

AN EXTENSIVE laying programme for new optical fibre communications throughout the UK—some 15 routes in all—has been announced by the Post Office, involving an expenditure of £6m.

When completed at the end of 1982 the network will be the most comprehensive of its kind in the world states the Post Office. Some 280 miles of the cable will be used, containing a total of 2,200 miles of fibre in multi-strand designs.

Depending on the traffic carried by the various routes, the systems will transmit digitally at rates of 8, 34 or 140 megabits/sec. The three high density routes will link Colchester and Basidon, Basildon and London, and Reading and London.

There will be a number of operational advantages for the Post Office in using these systems. The 140 Mb/s systems for example require regenerator (amplification) units at intervals of 8 km compared with the more expensive 2 km intervals needed for an equivalent 12 Mhz conventional analogue coaxial cable system.

Furthermore, a pair of these fibres is able to carry up to 2,000 telephone calls, and potentially many more. The cables used in the network will contain eight fibres, permitting 8,000 calls, but their diameter is only 10 mm whereas the rough equivalent in coaxial cable has a diameter of 35 mm. The fibre cables are much easier to handle and will need less underground duct space.

A number of companies are involved in the supply of cable and equipment. BICC has teamed up with Plessey, the latter making equipment, while Telephone Cables is working with the General Electric Company in a similar agreement. Standard Telephones and Cables is also heavily involved and is supplying two of the three high density routes, GEC/TCL providing the other.

Fibres used in these systems will be mainly of the graded index variety and a low loss type with an attenuation of less than 4 dB/km will be used on the long haul routes.

These systems will form part of the growing digital transmission network being set up in Britain as the essential forerunner to the uninhibited introduction of digital electronic exchange systems: since .

With such systems set up, the door is opened to the transmission of a wide variety of information including audio phone calls, television and facsimile signals and computer data, at a speed and quality that is generally not obtainable with current systems. GEOFFREY CHARLISH

● INSTRUMENTS

## Watch as thin as a wafer

ANYONE WITH a mere £10,000 to spend on a wrist watch will take a keen interest in an announcement from ETA in Switzerland of the thinnest watch to be produced so far.

With the extraordinary name of Concord Delerium IV the watch is only 0.98 mm thick, with a width of 24.5 mm and a length of 29.6 mm. It has backplate of solid 18 carat gold in which cavities are machined to take the units of the movement.

Everything has been miniaturised to what appears to be the ultimate degree. The driving quartz crystal is only 5 mm long and the associated tuning fork a mere 1.45 mm. Resulting accuracy is to within ten seconds a month. The stepper motor that drives the "hands" (actually discs with hands engraved) is 14 x 5 x 0.7 mm high while the tiny silver oxide battery that powers the whole unit and lasts for a year is only just under 7 mm in diameter and has been specially designed for the watch.

The company has had to develop "a new generation" of production equipment to yield the closest tolerances yet needed in watch production.

More from the Swiss Centre, 10 Wardour Street, London W1V 3HG (01-734 7617).

● HAND TOOLS

## Grinds metal or stone

OFFERED FOR a range of jobs from metal removal to concrete and stone-cutting is a vertical hand grinder from CompAir Industrial, PO Box 7, Broomwae Works, High Wycombe, Bucks (0494 21181).

The pneumatic tool is powered by a 2½-hp motor and comes in three versions giving operational spindle speeds of 8,500, 6,000 and 4,500 revs a minute. It has an exhaust silencer device said to reduce noise to an acceptable level.

There is a hook fitted at the top of the body casting for where the grinder is used in situations which cater for overhead suspension of tools.

Applications include the fettling of castings, welds, ingots, beams and plates; flat and edge metal finishing; cutting operations; grinding of stone, concrete, etc., and sanding and wire brushing.

● MAINTENANCE

## Water jets speed cleaning

HIGH PRESSURE water jetting is used in a wide range of industries for cleaning and maintenance and local authorities throughout the country also have a constant use for such systems.

Harben Systems, now announces its most powerful pump unit to date, the Century 1010DT — three times as powerful as its existing pump range and now available from the company at Watt Road, Churchfields, Salisbury (0722) 25424).

Increased performance of the newest system means that it can be used for heavier duty work, such as that undertaken in ship care, petrochemical industries, etc., but, by simply changing nozzles on the pumps, flow and pressure variations are instantly possible.

The unit can also be used to supply the power for Harben's existing range of water jetting accessories, including submersible jet pumps, drain jetting equipment, and the Hoverclean (which removes oil and impacted dirt from large areas of concrete, hardstanding and other surfaces).

Unit is powered by a Perkins 6.354 water-cooled diesel engine and mounted on a fully-equipped fast-tow, four-wheel trailer.

Using the same principle, but offered for the efficient clearing of long runs of heavily silted large diameter pipelines is the Rior HD65 jetting trailer introduced by Wards Flexible Rod Company, 10, Cleave Avenue, Farnborough, Kent (0694 55774).

This promises to clean sewers up to 18 ins diameter at reduced man hour costs and minimal fuel costs. It has been developed to produce more flow of water and, says the company, at a higher pressure than other comparable machines.

It also incorporates a hydraulically retractable hose—this is because of the increased pulling power of the retro jet which would make manual retraction unduly laborious.

Power is supplied by an 18.5 hp twin piston Hatz diesel engine which also operates the hydropump that drives the hydraulically retractable hose reel.

System is available as a trailer on a torsion suspended chassis that is fitted with a reversing mechanism, has a retractable jockey wheel to facilitate hand manoeuvring, and meets all MOT requirements.

● HANDLING

## Loads, lifts and grapples

AGRICULTURAL machinery specialist Sperry New Holland is moving out of its established farming markets with the introduction of a new skid-steer loader for the construction, industrial, municipal authority and plant-hire customers.

There are two versions — 31 hp L-445 and the 50 hp L-775 — each having the ability to handle a wide range of materials and duties with the use of a variety of attachments.

Loading buckets, forks, grapples, blades, augers and a backhoe with three sizes of trenching bucket are included in the attachments.

A quick attachment plate allows a nearly vertical lift path changes without the operator having to leave his seat. Hydraulic attachments and the backhoe are also speedily connected or disconnected.

Both models feature a special boom lift linkage design which allaws a nearly vertical lift path from ground level to maximum height. This promises to be of great value when using bucket and fork attachments, allowing full use of maximum lift height without the inconvenience of the bucket arcing back over the loader, thus obviating spillage.

Parallel boom lift linkage achieves maximum forward reach at maximum height, said to be important when filling trucks and extending over barriers.

These loaders are very manoeuvrable — turning in their own length — which makes them viable for working in tight areas, particularly within a building.

Sperry New Holland, Gatehouse Road, Aylesbury, Bucks (0296 5040).

## Extendable weighbridge

SECTIONS MEASURING 6 x 3 x 0.28 metre can be clipped together to construct weighbridges of various lengths up to 24 metres in a new Weights and Measures approved system from Solidate.

Introduction of the equipment, known as Lynx, means that customers can make an initial investment in say, a 12 metre unit and extend it in the future to meet increased demands in either capacity or platform length.

The only other requirement is for a concrete foundation slab. Lynx can be transported with the aid of a small crane or fork-lift (the modules each weigh 2.5 tonnes) in locations such as agricultural estates and the process industries where weighing may have to be carried out at various locations.

Although the total height of the weighbridg eis only 280mm, including a 75 mm clearance for cleaning purposes between the platform and its foundations, the sections can also be mounted in a shallow pit where it is essential for them to be flush with the road surface.

More from the company at Sandy Lane, Moston Road, Sandbach, Cheshire CW11 9HT (09367 7225).

● SECURITY

## Deters the vandals

SIMPLE, EFFECTIVE and inexpensive deterrent to vandals is offered in the form of security fencing from Speedwell Gear Case Company, Tame Road, Witton, Birmingham.

Called the Protector, it comprises a modular system of steel frame and mesh units which can be assembled by two people in a few minutes.

There are two sizes—seven by seven feet and seven by three feet six inches.

Each unit in the system is bitumen-dipped for protection against the elements and can be galvanised at extra cost.

● PROCESSING

## Mixes the sand

BY PROVIDING the foundryman with the facility to make an instant change of sand or process, a mixer developed by Baker Perkins is claimed to widen greatly the work that can be undertaken by one mixer.

The company's new "Omega" multi-sand articulated mixer, a screw-type machine, allows selection from a very diverse range of sands to be made without risk of cross-contamination. Sands that can be used are zircon, silica, chromite, olivine or reclaimed.

More details from Baker Perkins, Westwood Works, Westfield Road, Peterborough PE3 6TA (0733 262000).

● LUBRICATION

## Problems of friction

TRIBOLOGISTS AND reporters on technology happily accept that the average industrialist and the man on the Clapham omnibus hasn't the faintest idea of what is meant by tribology. Short answer is that it is mainly concerned with the friction, lubrication and wear of moving parts in machinery.

Regular readers of this daily Gideon guide to industry may remember that we honoured an eminent Victorian engineer, Beauchamp Towers, just over a year ago who, apart from being fatally knocked off his bicycle on a visit to his mother, was asked by the Institution of Mechanical Engineers to investigate friction between bodies moving at high velocities, etc.

Well, it was only in 1968 that the Industrial Tribology Centre was formed. It was established at Leeds University, and was one of the first independent industrially-orientated organisations to be set up by the UK Government to capitalise on existing knowledge and drew on the experience of Mr. Towers and others to effect a worldwide reputation in this specialised field.

Operating on a commercial basis, its intention is to serve industry at all levels with export tribological advice—in other words, provide the right information for the job in hand at a minimum cost and within a specified time.

Prime aim is to increase efficiency and help reduce production costs by preventing breakdowns caused by wear and tear of materials and machinery failure.

The centre provides a worldwide service (its 300 member companies pay as little as £80 each a year for a—limited—amount of consultation) and now plans an increase in the number of consultancy staff, as well as a steady investment in new equipment to further enhance the testing and measuring facilities available to industry.

It presents commercial exhibitions once every two years and Tribo-International '80 will take place this year on September 16, 17 and 18 at Bodington Hall, Leeds—details from Don Mitchell, Industrial Unit of Tribology, Department of Mechanical Engineering, University of Leeds (0532 31751).

Because the south-east of England is badly served by tribology centres, there will be two one-day awareness events at the Institution of Mechanical Engineering in London, "Lubricants and their cost effective use" (November 27 )and "Getting the best out of bearings" (December 4).

Over the next decade, industry will steadily turn to more and more automation and, because tribological aspects of automation are vital to maintain the necessary high degree of reliability, the Leeds unit has set its sights on coping with this aspect of the industrial scene, as well as with wall tried and other new processes. Hard times industrially, says the centre, can become boom times for the sponsored R and D outfits, especially when specialist experience is needed.

DEBORAH PICKERING



● DATA PROCESSING

## Data display terminals

FOR USE with the 8000 series of computers, NCR has launched the first in a new family of data display terminals, the 7900 Model 1.

Utilising a green phosphor 12 inch screen the terminal operates in asynchronous mode at rates up to 19.2k baud. Communications speeds as well as modes of transmission can be selected by the operator or can be changed remotely by a host computer.

The typewriter-style keyboard includes a special function key as well as a standard adding machine style keypad which can be changed to a telephone style keypad at the customer's option.

Up to 96 function codes can be generated by the user for special data handling procedures.

Power consumption is particularly low at 40 watts, obviating the need for a cooling fan and the unit is said to be quieter than many other terminals in general use. It occupies 17½ x 20 inches of space and weighs 25 lb, making it, claims NCR, one of the lightest and most compact data display terminals in the industry.

More from 206 Marylebone Road, London NW1 (01-723 7070).

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

OLE LAURITZEN does not like to think of himself as the black sheep of J. Lauritzen, Denmark's famous shipping family, but he admits to being a bit of an outsider.

It was his grandfather who established the family shipping business in 1888 and this has grown into one of Denmark's largest shipping groups. Ole's father, Knud, continued to run the family shipping empire and also managed DFDS Seaways, one of the biggest North Sea ferry operators.

However, although his sister is still involved in the family business, Ole Lauritzen has always pursued his own private shipping ambitions. He bought his first ship in 1956, the 23-year-old Olau Asbjørn, and helped by the boom in freight rates at the time of the Suez crisis, made a lot of money in a very short time and was able to afford another couple of ships. Ever since then Ole Lauritzen has been buying and selling ships, but he has never really hit the big time.

However, if Ole Lauritzen's latest venture takes off, he could become as well known to cross-channel ferry travellers as Sir Freddie Laker is to air travellers.

Ole Lauritzen firmly believes that current cross channel ferries are too expensive and the tariff structure far too complicated. Next month his new company, Dunkerque Ramsgate Ferries, will start operating on what has often been described as the most expensive stretch of water to cross in the world. At the moment around 10m passengers a year cross the channel by the short sea routes. Lauritzen believes that this can be doubled to 20m without too much trouble.

To make his point he will be undercutting all the other ferry and hovercraft operators and he has scrapped the complicated fare structure. Dunkerque Ramsgate Ferries will charge a standard rate for cars of any size.

# A minnow takes a bite at the big fish

**William Hall** looks at DRF, the latest combatant in the Channel ferry price war

In addition, Lauritzen is pinning his faith on an untried cross-channel port — Ramsgate. Admittedly Hoverlloyd, which operates four hovercraft between Ramsgate's Pegwell Bay and Calais will be a competitor for tourist, but not comemrcial, traffic. However, Lauritzen's prices for a family of four plus car are nearly a third below Hoverlloyd's in the peak season.

Lauritzen's real competition will come from the conventional car ferry operators based in Dover, which boasts a magnificent harbour. It has proved virtually impossible for a brand new ferry operator to break into the Dover-based market since almost every berth is aermarked for Sealink, Townsend and P & O.

Lauritzen plans to overcome this obstacle by investing in a new £6m ferry terminal at Ramsgate. Lauritzen and Thanet Urban District Council are splitting the bill.

Ole Lauritzen has always been keen to break into the short sea cross channel market because this is where the real money lies. A passenger pays as much for a trip between Dover and Calais as between Dover and Zeebrugge — over three times as far. Similarly it only costs 8 per cent less to take a car from Dover to Calais as it does from Southampton to Le Harve, although it is over five times the distance.

Townsend Thoresen's new generation of jumbo ferries, for example, can make up to five round trips a day on the Dover-Calais run while its ferries on the longer Southampton-Le Havre route make only one round trip a day.

Much higher utilisation on the short sea routes (Dover/Folkestone - Calais / Boulogne) gives the ferry operators much better returns. Instead of 2,500 passengers a day a ferry can carry 12,500 passengers. This leads to more intensive use of duty free, bar and restaurant facilities which are probably the single biggest source of profit on the cross-Channel ferries.

Lauritzen's enthusiasm for the short sea routes is based on his knowledge of Scandinavia, where ferry travel is a way of life and fares seem ridiculously cheap by Anglo-French standards.

On a 2½-hour crossing between Denmark and Germany the passengers pay £5 return and a car costs £16 return. On shorter Scandinavian routes, fares are lower still. Between Copenhagen and Landskrona in Norway —a 1½-hour trip—the return fare for passengers comes to £1 and for cars it is £8. On the 1½-hour crossing between Dover and Calais the standard return fare for passengers is £19.80 and for a medium sized car it is £33.80.

British operators such as Sealink and Townsend Thoresen argue that comparisons with Scandinavia are unfair. The cross-channel market is dominated by tourist traffic concentrated in the four summer months. The ferries still have to run during the winter months when hardly anyone travels and so have to charge higher prices to cover their off peak expenses. Scandinavian traffic, it is argued, tends to be much less cyclical.

While Lauritzen admits that there is some truth in this argument he does not feel there is enough to justify the current disparity in prices. The spectacular growth in all year round commercial traffic (now contributing roughly half the ferries' profits) has substantially reduced the cyclical nature of the business.

Dunkerque Ramsgate Ferries is not Ole Lauritzen's first venture in the UK-Continent ferry market. Olau Line, his Danish holding company, started operating between Sheerness in Kent, and Flushing (Vlissingen) in Holland in 1975. He started with one ship, Olau West, and one sailing a day each way but demand built up so rapidly that a second ship, Olau East, was soon brought in, and in the first year Olau Line carried 220,000 passengers.

Lauritzen's tactics then were remarkably similar to his current approch. He picked an unused port and ferry prices were slashed to attract custom. But within months the yhad to be raised because costs rose faster than anticipated. Lauritzen is confident that he will not make the same mistake again.

The two original ships were replaced gy larger vessels, Olau Kent and Olau Fin, in 1976 and traffic doubled. Lauritzen then started operating the Olau West on the Sheerness to Dunkirk run in early 1977 but this ran into trouble because the French unions would not accept a Danish flag ship and the service was terminated in September 1977.

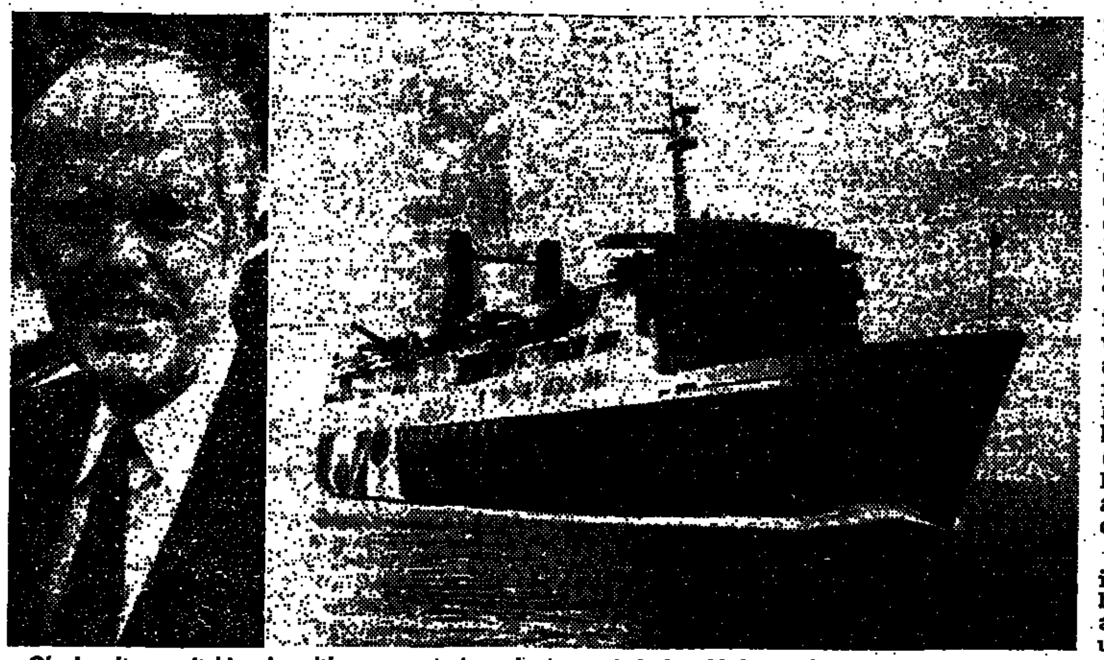
By then Olau's Sheerness-Flushing operation was carrying around 0.5m passengers and 60,000 cars a year and traffic seemed to have reached a plateau. At about this time a German ferry company, TT Line, of Hamburg, which had been wanting to break into the UK market took an interest in Olau Line's Sheerness-Vlissingen operation. Ole Lauritzen sold out for about £5m and decided to turn his attention to the short sea routes where he believes there is far more growth potential.

Thanet District Council had already decided to try to attract more commercial traffic to Ramsgate before Ole Lauritzen showed interest. Over the past few years Volkswagen has been the port's major customer, using it as the unloading point for all its motor vehicles bound for the Southern UK market. The transition from importing new cars to becoming a fully fledged car ferry port seemed a logical move.

Other ports along the coast have always been envious of Dover's spectacular success in capturing over half of all the roll-on/roll-off traffic. It was inevitable that it would someday spawn an imitator. Ramsgate is as close to London as Dover, and Dunkerque is closer to Paris than Calais. On the other hand Ramsgate will never be able to boast a harbour like that of Dover's Admiralty-built one.

It has had to reclaim 20 acres of land and dredge a 1½-mile channel to the ro/ro berth. Even so there are some rival operators who believe that Ramsgate is still too exposed and may have to close down in really bad weather. In addition the new channel may need to be expensively dredged if the ferry is to operate all the year round. Ramsgate disputes this slur on its character. However, it is clear that for both Ole Lauritzen and Thanet District Council, the new service is a major gamble.

Ole Lauritzen, in particular, is playing for high stakes. He is starting the service with just one ship initially, and is taking the risk that it will not break down since there is no obvious back-up. Any interruption in the service would damage his credibility. In addition, his ferry is hardly purpose-built for the route.



Ole Lauritzen: pitching in with a new strategy, bu t a relatively old boat—the Nuits St George—to attract passengers

The 1966-built ex-Sardinian ferry, the Nuits St. Georges, is relatively older and smaller than many of the other ferries operating on the short sea cross channel routes. It can carry 1,250 passengers but only 170 cars (less than half the capacity of the new Sealink and Townsend ferries). In addition, it is equipped with 420 cabins which are hardly necessary for a two hour crossing. The latest ferries on the Channel have replaced cabins with much bigger duty free selling areas (a major profit centre) and larger restaurant facilities, so as to maximise their revenues on the short sea crossings.

Dunkerque Ramsgate Ferries is also labouring under another big disadvantage. To gain the acquiesence of the French unions it has to agree to operatt a French flag and French crewed ship. Lauritzen believes that his crew costs are 40 per cent higher than those of his UK rivals, which explains why there are so few French ferries on the Channel. Given that labour accounts for about a third of a ferry's operating costs this is a big obstacle. However, it is one of the prices that Lauritzen has to pay to get an entry ticket to Dunkerque.

Finally, Dunkerque Ramsgate Ferries faces a number of commercial difficulties in getting itself accepted as a major force on the Channel. It has entered the market at a time when the major operators (Sealink, Townsend Thoresen and P & O Ferries) are locked in a major price war.

## Pooled fare revenues

Until this year the two biggest operators, Sealink (part of British Rail) and Townsend Thoresen (part of European Ferries) charged the same fares and pooled their passenger revenues. Tickets were interchangeable and at peak periods passengers travelled on the first ferry available.

However, this practice broke down at the beginning of this year. Sealink, which is trying to shake off its rather sleepy image, argued that the pooling arrangement worked in favour of Townsend, and the latter says that because its three new ferries go faster than Sealink's, the pooling arrangement is no longer satisfactory. As a result a major price war has broken out on the Channel.

All of them have been investing heavily in advertising, and given the size of their budgets it will be difficult for Dunkerque Ramsgate to establish itself. However, Ole Lauritzen is confident that despite all the difficulties, he can make his mark on the Channel. Whether he can make a profit as well is another matter.

His confidence is based on two points. Despite the recent price cutting his peak season fares still look the cheapest (though this could change) and they are certainly the simplest. This reflects the Scandinavian influence.

Lauritzen has abolished the complicated fare structure based on different lengths of car. As far as Dunkerque Ramsgate Ferries is concerned a car is a car, whatever the length—a Rolls Royce travels for the same price as a Mini. By contrast, Sealink has traditionally charged twice as much for very large cars as for small cars. It cut its prices for large cars earlier this year; even so they are still charged a third more than small cars.

Other operators would dearly like to follow Lauritzen's lead, but until now they have been worried about offending the motoring consumers who had insisted that small cars should pay less than big cars.

Nevertheless, there are signs that the big ferry operators are beginning to come round to this way of thinking and in the off-peak periods they have been offering standard rates for cars of any length.

The other area where DRF hopes to score is in the simplicity of the fares themselves. A car costs £18, a passenger £8 and a child £4 (all single fares). On just nine Summer weekends the car price rises to £26 but the rest of the fares stay the same.

This is far simpler than the tariff structures of other ferry operators and could prove a valuable advantage in winning the support of harrassed travel agents who are having great difficulty keeping pace with the changing fare structures of the other operators.

Finally, DRF plans to market a series of "channel hopper" bargains aimed at the 1.5m summer holiday-makers in the Ramsgate area. Discotheque cruises, gourmet visits to a French restaurant and Sunday tea-dances will be organised to fill up the Nuits St. George during the off-peak periods.

Although other operators have started to experiment in this way, Lauritzen's plans are more adventurous.

The new service will begin on May 15 and the Nuits St. Georges will make three round trips a day. Lauritzen is not going to make a great impact initially. His capacity amounts to just under 5 per cent of the peak market.

However, he would like to add a second ferry next year and double up the number of crossings to 12 a day. At this sort of level he will start to present a serious competitive threat to the big ferry poerators generally and high cost hovercraft operators.

MARKET SHARE—SHORT SEA ROUTES

| | Passenger % | Car % | Freight % |
|---|---|---|---|
| Sealink | 41 | 32 | 41 |
| European Ferries | 19 | 27 | 43 |
| Hoverlloyd | 15 | 18 | — |
| Seaspeed | 15 | 15 | — |
| P & O Ferries | 10 | 8 | 16 |

Source: Phillips & Drew Shipping Review, March 1980

# Insuring employees for legal costs

BY ERIC SHORT


AS A nation, the British are reluctant to make use of the legal system. Among the principal reasons for this are that, first, people are frequently unaware of their legal rights and, second, they are frightened by the prospect of heavy legal costs if they do pres ahead with a case.

On the Continent there is fairly widespread use of legal expenses insurance to offset fears of expensive legal bills. In the UK, though, such insurance remains substantially undeveloped. In the five years since a company called DAS began offering legal expenses cover barely a handful more operators have moved into the field.

Now, however, a fresh concept has been introduced whereby employers can offer legal expenses insurance to employees as an employee benefit.

Last month, Hambros Bank established Hambros Housley, which provides such a facility for employees. The new company's prime role is to provide legal expenses protection for employees—the spate of legislation in recent years, on employment protection, product and other liability and consumer protection has exposed employers to a wide range of potential legal action. But as a by-product to this scheme, similar cover is provided for employees.

The employer can detail the nature of cover provided for employees. Alternatively, the insurance can be arranged by the employees themselves either directly, through their trades union or staff association or through their professional body.

Another scheme, drawn up by Industrial Relations and Personnel Consultants, provides a benefit directly for employees with the object of giving them a facility of professionally qualified legal advice at a low cost to the employer.

For employees, the prime benefit of both companies' schemes is the free legal advice offered. Employees can telephone at any time of the day or night and discuss their problems with qualified staff as to the best course of action. The subjects that can be dealt with are wide—such matters as dispute over motor accidents, faulty goods and hire purchase arrangements.

The employees will be advised on the best course of action, whether they are wishing to pursue a claim or are having to defend an action.

The preliminary advisory service provides a filter before the second prime benefit comes into operation—that of paying the costs of legal action and any damages awarded against the insured. Under the conditions of the policy, the employee has to get clearance from the organisers of the scheme before proceeding to run up legal costs, if those costs are to be paid by insurance. And the underwriters cannot give the go-ahead until they know the facts.

The IRPC scheme lays great stress on this personal service. In particular, it can cover advice to an employee seeking redress against his employer over unfair dismissal—a somewhat paradoxical situation. But in many cases it is felt that the advisory service can provide unofficial arbitration in employment disputes.

The IRPC scheme is all embracing with advice and insurance cover on all aspects, including matrimonial problems. It is prepared effectively to provide a second opinion on the actions of one's own solicitor in pursuance ofa case.

The Hambro scheme would appear to be more limted in scope. Certainly it excludes matrimonial problems and the employer can exclude employment protection from the cover to avoid any embarrassing conflicts of interests.

FINANCIAL TIMES SURVEY
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# The Grocery Industry

Although keen pricing will remain a major plank for the industry in the eighties, the major multiples will develop superstores and diversify into non-food retailing in an attempt to increase trading volume at a time when demand for food is static. Rising fuel costs will force companies to look critically at their distribution arrangements, while computers will play a new role at electronic checkouts.

DAVID CHURCHILL, Consumer Affairs Correspondent, reports

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# Superstores hold key to expansion in the 80s

THE FIERCE competition within the grocery industry promises to be as intense over the next 10 years as it was in the latter half of the 1970s. But while the High Street price war fought since 1977 has been an obvious manifestation of this bitter fighting, grocery competition in the 1980s wil take more subtle — but no less intense—forms.

Recent attempts by Asda, Fine Fare, and others to bring about a new pitched battle in the High Street have only emphasised the the price-fighting is now more a war of attrition rather than the "blitzkrieg" launched when Tesco started "Operation Checkout" in June 1977.

Instead, the battle grounds in the 1980s will be over how gast the major multiples can develop large superstores on prime sites and how well they can operate them efficiently. In the 1980s, for example, the computer expert responsible for introducing electronic checkouts, or the distribution executive able to cope with rising fuel prices, will be the key personnel in the same way as the marketing managers have been the vital front-line troops during the fiercest part of the price war.

Victory in the 1980s, moreover, will also go to those grocery multiples which can identify and establish the right product mix for their stores by such means as diversifying into fresh foods or non-food areas.

In fact, this diversification approach to growth is one of the main themes of the Institute of Grocery Distribution's annual conference which meets in Brighton on Monday.

But the underlying pressure on the grocery industry—which will shape its development in the 1980s as it has done over the past 10 years—is the lack of volume growth for food. During the 1970s the UK market demand for food remained virtually static—and even slumped during the middle of the decade—due to the overall stability of the size of the UK population. Moreover, as real income increased, consumers preferred to spend their extra money on luxury items such as cars, consumer durables, and holidays abroad.

## Inevitable

Once this trend of a static food market became clear during the 1970s, it was inevitable that fierce competition among the major multiples would develop for a bigger share of this static market. The large supermarket chains needed to keep on increasing their volume sales to maintain or improve profits during a period of raising operating costs. And the quickest way in a static market of boosting individual sales volumes is to launch a price war.

Tesco did this in the summer of 1977, forcing all its major rivals to follow suit. The gamble paid off for Tesco and J. Sainsbury and to a much lesser extent for the other multiple grocery chains.

Over the past three years, Tesco has almost doubled its share of the packaged grocery market, as monitored by AGB, to about 14.5 per cent. Sainsbury's has increased its share by almost half to over 11 per cent, which the northern-based superstores chain, Asda, has notched up a smaller—but still significant — market share increase in a very short time.

In fact the price war fought by the major multiples has not really been directed at each other but at the smaller supermarket chains or independent grocers who have not had the financial muscle to compete with the big grocers on prices. The only real casualty among the major multiples was Univer's MacMarkets chain, which was sold to International Stores last year.

At the same time, however, as many as 20 small grocery shops a week are forced out of business.

The result has been that the multiple grocers have steadily increased their share of the market at the expense of the independent sector and—to a lesser etxent—the co-operative food stores.

Yet the success of the multiple grocers in boosting their market share has not really led to an ending of the High Street price war. Certainly, the initial phase of the war—which lasted about 18 months—was clearly won by Tesco and Sainsbury's. The promotional pressure from these two chains enabled them to break clear of the pack and establish their market superiority.

But the other chains are still in the reckoning and the need to increase market share at the expense of small grocers remains. Thus, keen price competition is likely to be a feature of grocery retailing for much of the 1980s.

However, the possibility of such a fierce outbreak of fifiting as followed Tesco's move in 1977 seems unlikely. Tesco was able to offer price cuts costing up to £30m because it dropped trading stamps from its stores and was prepared to pare its operating margins down to the bone.

The Asda price cutting campaign launched earlier this year, on the other hand, only amounted to about £5m worth of price cuts. As such, it was more a promotional exercise designed to boost Asda's image in the tough South-East market than any real attempt to launch a major offensive. The scope simply does not exist at present to offer a price cutting package of between £20m and £30m. Even if such funds were available, it is doubtful if such a promotion would have the same bombshell effect as Tesco's campaign.

## Different means

Butif the funds are not available to launch an immediate price war, the major multiples are determined to raise the money over the longer term to fight the war by a different means. Thus the strategy is to boost volume sales by increasing the volume of selling space available.

Superstores, which are loosely defined as having a selling space of 25,000 sq ft or more, can mean—because of the economies of scale associated with their large size—that the operator can afford to cut operating margins.

The problem, however, for the multiple grocers is finding the right sites for such stores and then to persuade local authorities to give planning permission.

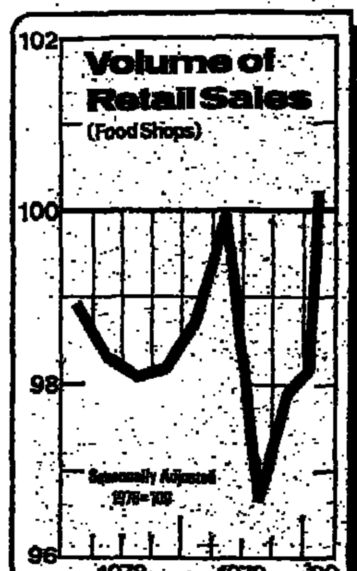
So far the Asda group has more superstores than other retailers, but it must be pointed out that Asda only operates superstores. The Co-op is next in terms of superstore development although the other major chains are running neck and neck with it. Last year some 35 superstores were opened—more than in any previous year—and this year about 40 are due to start operating.

But the importance of superstore development goes beyond just dramatically increasing selling space. Probably the most important advantage is that they give the grocery operators the opportunity to sell non-food lines which have a much faster rate of growth and also offer higher profit margins.

Apart from product diversification, superstore development also makes is feasible for technological developments to be introduced. The main development in the 1980s will be laser-scanning electronic checkout systems, linked to sophaisticated computerised stock control systems.

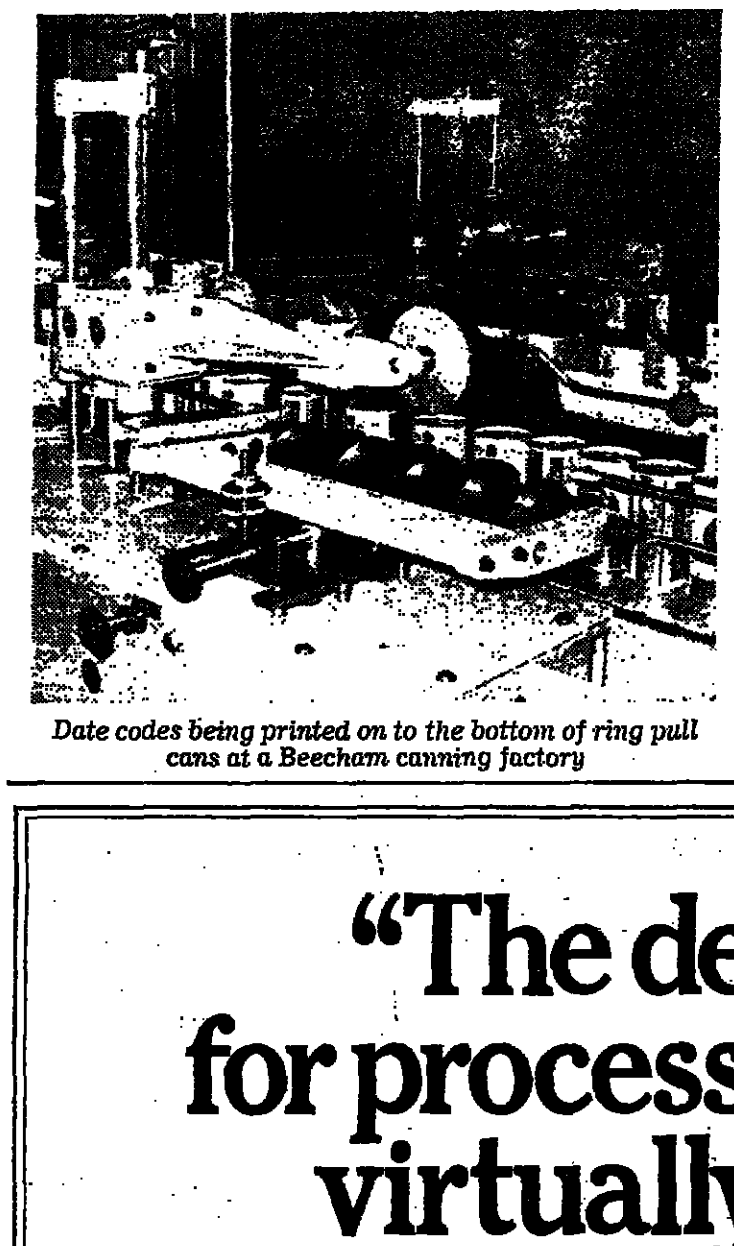
But probably the most significant diversification in the 1980s will not be in the UK at all. Instead, a number of multiples — most notably Tesco — are loking for expansion opportunities overseas.

In addition, Tesco is keen to expand its aggressive management style in a market as potentially lucrative as the U.S. Tesco could, in fact, make its first move overseas within the next 12 months — and could be followed throughout the 1980s by other grocery multiples.





# Higher prices cut hopes of growth



*Date codes being printed on to the bottom of ring pull cans at a Beecham canning factory*

THE WARNING of higher food prices given by Mr. James Cleminson, president of the Food Manufacturers' Federation, at the federation's annual conference earlier this month is bad news not only for the housewife but for the whole grocery industry as well.

Higher food prices — after fod prices have tended to lag behind the overall rate of inflation in the past year—will once again concentrate consumers' attention on prices. This will not only reduce hopes of some real volume growth in food sales in the next year but also force grocery retailers to put more pressure on food manufacturers for larger discounts which will eat further into their profit margins.

The prophecy made some 18 months ago by Sir Hector Laing, chairman of United Biscuits and one of the senior members of the food industry, of food manufacturers being "on the slippery slope which threatens to become a dangerous slide" looks even more appropriate today.

After a decade in which the food industry found itself squeezed between sharply rising raw material prices and operating costs on the one hand, and Government price controls and a High Street price war on the other, there had been hopes that the worst was now past and that the industry could look forward with confidence to the new decade.

But the next few years could see the collapse of some food companies—and even whole sectors — which would be followed by the inevitable rationalisations, higher imports, and probably higher than necessary prices for the consumer.

The latest profitability figures for food manufacturers show the tightrope on which many companies are already walking. Food manufacturers' profit margins during the past two years have stabilised at just under 4 per cent—about a third lower than the profit levels of the early 1970s.

However, the problems facing the food industry—such as rising costs and increased retailers' power—are only part of the story. Set against these pressures is the simple fact that the volume demand for food has been static for several years and there seems little prospect for any substantial overall volume growth in the future.

This lack of volume growth for food is mainly due to the stability in size of the UK population. This is a phenomenon apparent in most developed Western economies, particularly in the U.S. where the slow-down in the overall food market started much earlier.

## Volume falls

The effect of the lack of growth in consumer demand for food is shown by Government figures of food manufacturers' volume of production. In 1979 the index figure of just over 106 was only marginally above the level of 1973; and in between these years, volume production had actually fallen.

The slowdown in growth of demand for food in the 1970s was accelerated by the sharp increase in food price inflation, which for much of the decade outstripped the already high general rise in retail prices.

The rapid rise in food prices during the 1970s was largely a result of the UK's adjustment to higher food prices under the EEC's Common Agricultural Policy, as well as the huge rise in oil prices which affected not only energy and distribution but packaging costs as well. In addition, both labour costs and commodity prices rose sharply.

For example, basic raw materials such as biscuit flour, refined vegetable oils, refined sugar, and dried fruit are all now more than three times as expensive as they were five or six years ago.

Although these cost pressures were starting to abate towards the end fo the decade, they began to creep up again last year. Thus, in the past year, raw materials purchased by food manufacturers increased in cost by 12.2 per cent compared with 7.3 per cent in the previous year, largely as a result of increased EEC prices. At the same itme, labour costs have soared with earnings up by over 21 per cent in the past year, compared with just over 12 per cent the previous year.

The effect of the rise in bread prices during the 1970s was twofold. First, it encouraged both Conservative and Labour Governments to establish the Price Sommission which closely scrutinised all food industry price rises. Second, consumer concern with rising prices enabled Tesco and others to wage a High Street price war.

Faced with the static volume demand for food, Tesco and the other major multiples felt that agressive price promotions were the only way to increase volume sales at the expense of small grocers who could not afford such large price cuts.

But the multiple grocers' chase for extra sales volume led them to put pressure on the food manufacturers for discounts to help pay for the price reductions. Food manufacturers have tended to agree to such demands since their operations are based on a high volume, low margin activities.

One possible escape route for the food manufacturers is the current Monopolies and Mergers Commission investigation into manufacturers' discounts to retailers, due to be published later this year. But even if the commission recommends that U.S.-style regulatory legislation should be introduced, few in the grocery trade expect the present Government to give this a high legislative priority.

## Fairly bleak

Although the general position for food manufacturers in the 1980s is fairly bleak—given the overall lack of market growth—not all companies will suffer. There are two main reasons why some food processors will be able to benefit during the decade.

First, those manufacturers which can strengthen their brand's dominance in the market will have some power against the large retailers. Companies such as Kelloggs or Heinz, for example, are in a stronger position to refuse demands for discounts simply because shoppers prefer such brands for reasons other than price.

At the same time the trend for large retailers to stock only the top few brands in each product area—to reduce the number of manufacturers dealt with—will mean that only the strong brands, which consumer preferences force the retailer to stock, will survive. Many smaller brands—and their manufacturers—are likely to disappear in the 1980s.

But the second—and more important—reason why some manufacturers can afford to be optimistic is that although more food is not being bought, there are constant changes in the type of foods demanded. Companies that can identify and interpret changing social and demographic factors and find and develop a niche in the market can look forward to a profitable future.

Such trends at present include the growth of convenience foods as more women go out to work, and a desire to experiment at home with foreign foods, perhaps tasted first on holiday. In addition, the demand for health foods is likely to continue to grow rapidly over the next decade.

The convenience factor is likely, however, to be the major influence on new food products and markets in the 1980s, with sectors such as frozen foods and snack foods likely to benefit most. An example of new product development was shown recently by KP Foods, a subsidiary of United Biscuits, which has launched an "instant" hot meal called Quick Lunch. All a housewife has to do is add boiling water to a noodle-based concentrate in a plastic beaker and, three minutes later, a hot meal of curry (or whatever) with noodles is ready. The Japanese already eat some 1bn such instant meals a year and KP thinks the UK market could be worth some £50m by next year.

The importance to manufacturers of finding and developing such products is that the profit margins arem uch higher than on a staple food such as bread, for example, and the added value is therefore greater.

But apart from developing new food markets at home, manufacturers are likely over the decade to respond to the pressures in the domestic market by expanding overseas, either by increasing exports or by acquisition.



# Independents the real losers

INDEPENDENT grocery retailers have been the real losers of the High Street price war of the past three years. Although the decline in the independent grocers' share of the market had started earlier in the 1060s and 1970s, the aggressive price war among the major multiples has accelerated the trend in recent years.

Market statistics produced by the Nielson company show that the independents' share of the grocery market has fallen from 42.5 per cent in 1971 to 31 per cent last year. At the same time the multiples' market share has risen from 44.3 per cent to 55 per cent.

Other market share figures show that, in terms of packaged groceries, the independents' share over the past year has fallen from just over 17 per cent to just under 16 per cent.

But independent grocers have not only lost market share to the multiples as a result of the large chains' growing power and the High Street price war. At the same time the small grocer—like all small traders and businesses—has come under increasing cost pressures. These costs include rent and rate rises and higher energy costs, both for fuel and lighting. As many as 20 small grocery shops a week are said to be forced out of business because of rising costs and lost sales volume.

Even the giant multiples such as Tesco or J. Sainsbury have been pursuing a policy during the 1970s of closing their small stores because they became uneconomic to operate. Tesco's average store size is now around 8,000 square feet (Sainsbury's is about 11,000 square feet) but even so the multiples are seeking larger and larger stores or 25,000 square feet or more.

But the pressures on the small independent grocer are not unique: it has been a feature of the grocery trade for the past two decades. What has made it more significant during the latter half of the 1970s has been the growing intensity of the pressures they faced.

But not all the 76,000 or so small grocers have been hit as hard. For the past 25 years voluntary groups of small grocers have developed to try to secure some of the advantages available to large multiples.

## Dutch concept

The voluntary group concept originated in the Netherlands in the 1930s but the structure was not brought to Britain until the mid-1950s. The impetus for introducing voluntary groups into the UK lay in the fear on the part of independent wholesalers that in the post-rationing era, the fast growing multiple chains would price small retailers out of business. This, in turn, would obviously rob the independent wholesaler of his trade.

Grocery distribution was, in any case, fairly rudimentary in those days with retailers gaining none of the benefits of bulk buying. Around the country, at about this same time, individual wholesalers began to offer loyalty inducements to their best retail customers.

Retailers were invited to buy everything they could from one wholesaler for an across the board discount of, say 2½ per cent. The incentives were given not only for the volume of business but also for continuity.

But from this system the voluntary group system gradually developed—though in different ways in different groups. The wholesalers were the original prime movers, but as they came together they realised that their operations needed central co-ordination. Thus central management structures were supermposed on the wholesale and retail levels.

By joining a voluntary group, the independent grocer receives the benefit of sources of finance for shop development; advisory services; national advertising and special regional promotions; and a range of own-brand products for sale at lower prices.

But the main advantage is the lower prices that can be achieved because the voluntary group chain as a whole has considerable buying power with food manufacturers and can therefore negotiate discount terms.

The first voluntary group was introduced by Herbert Love—a director of a grocery wholesaling company and often described as the orgiinator of the voluntary grocery movement in the UK. The movement seemed to grow slowly at first but soon began to take off: by 1958 there were some 8,000 grocers as members of voluntary groups, while now there are over 20,000.

The main voluntary groups now are Spar, VG, Mace, Wavy Line, APT, Maid Marian, Londis, Star Value, PGMA, Bob, and Centra.

The voluntary groups have about 9 per cent of the grocery market, with the rest of the independent grocers—who are more numerous—accounting for about 7 per cent.

The leading voluntary group in terms of market share is -- which has slightly more than 3 per cent from about 4,000 stores. Mace with a similar number of stores has about 2 per cent, while VG also has about 2 per cent, but from fewer stores.

The voluntary groups are now largely associated with a major grocery wholesaler. Linfood supplies about half of the Spar outlets and some 70 per cent of VG's, while Booker McConnell is the dominant supplier of Mace.

The voluntary groups acknowledge that very small shops are uneconomic to run in competition with the major supermarket multiples. Some attempt, therefore, has been made to increase store sizes to offer greater competition. VG, for example, has developed a number of larger "Super VGs." But the real future for the voluntary group grocer—and the independent grocer in general—must remain as a convenience store.

The major voluntary groups also came together in 1978 to form the Voluntary Group Association to act as a national lobby and pressure group on behalf of the voluntary group form of retailing.

Mr. Bernard Dore, chief executive of Booker McConnell, believes that "independent grocvery store will become the English versionof the American convenience store." He predicts that "as the multiples pull of secondary positions, you will see more of these stores being re-opened and managed by independents."

## Convenience

The independent and voluntary group grocer will always attract a certain, albeit small, percentage of shoppers who prefer to do their main shopping at a local store rather than a large supermarket or superstore. But the advantage that the small grocer will always be able to exploit is his convenience: being there when the consumer needs a small item and is more concerned with its availability rather than its price.

Certainly this is the trend in the U.S. and many within the UK grocery trade expect to see this develop in the UK throughout the 1980s.

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# Price war may force mergers

THE KEY *question about the* structure of grocery retailing over the 1980s will be whether the Big Three supermarket multiples—Tesco, J. Sainsbury, and Asda—will continue to increase their market dominance, or whether their progress will be impeded by a resurgence of the small multiple chains such as Fine Fare, Allied Suppliers, and International Stores.

*If the big multiples manage* to forge ahead in the same way as they have done over the latter half of the 1970s, then the question that will then be asked is which of the smaller multiples will manage to last out the decade? Already *one smaller multiple — the* MacMarkets chain—was sold last year by Unilever to International Stores, owned by BAT Industries. And speculation persists within the trade that other mergers may have to come about if the level of intense competition between grocery retailers persists for much longer.

The *dominance* of the big three retailers at the start of the 1980s is shown by the AGB market share figures for packaged groceries. Our of the 66 per cent share of the grocery trade accounted for by multiple grocers, about a half is controlled by Tesco, Asda, and Sainsbury combined. Tesco is way out in front, with more *than 14 per cent of the market,* followed by Sainsbury with around 11.5 per cent, and Asda with some 7 per cent. These figures, however, fluctuate from month to month but there is usually the same gap between the Big Three.

The Big Three's market growth is all the more remarkable given that it has largely been achieved over the past three years. Before the launch of the High Street *price war* in June 1977 — when Tesco dropped trading stamps and started *its* "*Operation Check-out*" campaign — the leading three multiples had about a fifth of the grocery market between them, in contrast to the third share they now have.

This surge ahead in the market helped to increase further the multiples' total growth in sales at the expense of co-operative stores and independent grocers. This total *market growth has been the* constant theme of the grocery trade in the 1970s, as statistics produced by the Nielsen market research company show.

In 1971, the multiples and independent grocers were running virtually neck and neck—with the *multiples enjoying a* slight edge with 44.3 per cent to the independents' 42.5 per cent share. But by 1976, the multiples had increased their *share to 49.4 per* cent while the independens' total had fallen back to 38.6 per cent. And over the *latter half of the 1970s,* the growth of the major multiples meant that the total multiples share in 1979 was 55 per cent, compared with 31 per cent for the independents.

## High volume

The reason for the multiples' consistent growth has been simple: their shops are substantially larger than those of the independents. And with the fierce pressure on profit margins, the name of the game now is to secure as high a volume as possible while at the same time reducing costly overheads.

Mr. Richard Weir, director of the Retail Consortium, also believes that behind the multiples' continued growth in the late 1970s has been the *considerable emphasis placed* on low prices by shoppers. Mr. Weir points out that the rapid inflation in the mid-70s encouraged shoppers to seek lower prices. But he also believes that the Government at that time may have been *wrong to concentrate on prices* to the exclusion of the longer-term effects on the structure of thet retail trade. "Shirley Williams was probably the worst offender in telling consumers to shop around to find the lowest possible price—almost as if price were the only thing that mattered," says Mr. Weir.

However, Mr. Weir now expects that since such price sensitivity has become so well established it is likely to continue in the 1980s, especially if the inflation rate stays at a high level.

Yet even if consumer concern about prices remains a key factor in determining where they decide to shop—which will obviously benefit the multiples *more than the independents*—there are doubts over how much further the multiples can continue to increase their share of the grocery market.

As stockbrokers Capel Cure Myers point out in their recent comprehensive review of the retail trades, "the 1980s will not see the same easy pickings for the multiples."

*And if the same sort of* market growth as achieved in the 1970s is not available for the multiples in the *1980s,* then the supermarket chains will have to concentrate on fighting each other rather than making gains at the expense of the independents.

Mr. David Caulfied, managing director of Key Markets, which is *owned by Fitch Lovell,* believes that the smaller supermarket chains will put increasing pressure on the *Big Three* multiples.

Key Markets ranks about eighth in the Top Ten league table of grocery multiples, with a market share understood to be around 2 per cent. Below it are the U.S.-owned Safeway *chain and the Waitrose stores* group, part of the John Lewis Partnership.

Grouped below the *Big Three* are a clutch of four multiples with about 5 or 6 per cent of the market. These four are International Stores, Kwik Save, Allied Suppliers (including the Presto chain), and Fine Fare (including Shoppers *Paradise).*

International has long been seen as the joker in the grocery pack. It was bought by BAT Industries in the early *1970s* as a way for the tobacco giant to diversify—or so it thought—into the profitable and fast-growing sector of grocery retailing.

However, International's management has never been *able to come to terms with its* basic problem of owning too many small stores. These stores have been too small to achieve the volume throughput of groceries by the leading supermarket chains. At the same time as this small store profile, International *has also* been unable to sort out its management problems and especially how it should operate within the BAT empire.

International is trying to improve its average store size both by building new superstores and by *acquiring existing larger* stores. This was the rationale behind the takeover of the *MacMarkets* stores, which were substantially larger than many of International's stores.

## Most stores

In terms of store numbers, Allied Suppliers is probably the *largest multiple although many* of its stores are small supermarkets. Allied, which is part *of Sir James Goldsmith's* Cavenham empire, has as its big asset the Presto stores chain, which is now seeking to break into the lucrative—and highly competitive—stores market in the South-East.

Fine Fare, which is one of the best-known names in the High Street along with Tesco and Sainsburys, is also one of the "*dark horses*" for the 1980s. Fine Fare, which is owned by Associated British Foods, failed to keep up with the sudden spurt in the mid-70s achieved by Tesco and Sainsbury.

iFne Fare has embarked on a vigorous price promotion policy to build *its market share* and is adopting a different policy from the other major groups by *basing its* superstore expansion in the North, where sites are less expensive.

Fine Fare is also developing *its hSopper Paradise chain* of limited range discount stores. These concentrate only on the 500 or so fastest selling grocery items and sells these at low prices by achieving a high turnover. It is a form of retailing pioneered in the UK by Kwik *Save and Mr. Albert Gubay.*

The weakness of limited range discounting, however, is that the range of goods is too limited. And with the trend towards one-*stop shopping in large super*-stores, whihc can offer the same low prices as limited-range stores, shoppers will probably prefer the greater selection available in a superstore.

The great strength of the Big Three, however, is that they have the financial resources and expertise to develop more superstores in the 1980s and thus make it harder for the smaller groups to catch up.

However, the big groups are aware that they can only grow so far: already their dominance *in some regions is raising* questions about Government intervention under the monopoly *or competition laws. The* bigger these multiples become, the more of a threat such intervention is.

Thus it is hardly surprising that the Big Three have been considering a diversification strategy. Asda has moved into *home furnishings with its* acquisition of Allied Retailers; Sainsbury is planning to launch a chain of do-it-yourself stores, while Tesco has already expanded into the Republic of Ireland and is planning to move into the U.S. market.

*If there is any further* rationalisation among the multiples—and this still seems likely—then two new names which could feature more prominently in the 1980s are the Northern-based Hillards and Morrisons groups. These stores could either be snapped up by one of thel arger chains—such as International or Fine Fare—or else, if there is rationalisation among the existing Top Ten multiples, could themselves join the elite in their own right.

*A busy day at Tesco's superstore at Walkden, near Manchester*

# Co-op losing ground to the multiples

THERE CAN *be little doubt* that the biggest enigma in the High Street in the 1980s will continue to be the co-operative movement. The Co-op retail societies have more grocery outlets than the other multiples combined. At the same time the *co-ops are the second largest* operator of superstores in the UK (after Asda).

This massive retailing strength is backed up by one of *the largest food manufacturing* and wholesaling organisations in Europe—the Co-operative Wholesale Society, which is jointly owned by the retail co-operatives.

Yet in spite of this strength, the co-operative movement enters the 1980s facing potentially more problems than ever before in its recent history. The simple fact is that in spite of its massive size and market power, *the co-op's positions in* the market is gradually being eroded by the rise of the more aggressive multiple grocers.

Although much of the *multiples' growth in the* 1970s was largely at the expense of the small independent grocer, the 1980s may see the large supermarket chains expanding more at the expense of the co-ops. Over the past year, for example, the co-op's share of the packaged grocery *market* has slipped by about 1 per cent to about 17.5 per cent.

At the same time, the share of the market captured by *Tesco—the co-op's closest* challenger—has been steadily rising and is now around 14.5 per cent. A number of grocery trade analysts now expect that within the next few years Tesco will actually overtake the co-op's market share—an achievement which *woul dhave* been considered unthinkable only five years ago.

## Recognised

Yet this threat to its trading performance has not gone un-*recognised by the* co-operative movement; indeed, it would be hard for retail co-operative socities not to be aware of the challenge they face in the High Street.

But recognising the threat and doing something about it are *two entirely different* problems. Given the structure and organisation of the co-operative *movement, it is easy to see* why drastic changes are hard to bring about.

At the base of the co-op movement's structure are the 10.6m. customer members (nearly two-thirds of a million fewer than in the early 1970s) who own the 201 retail societies scattered throughout the country. Members of each society elect a board of *directors to run the* society in members' interests, although few members bother to participate. Only 0.2 per cent of the 1m members of the London Co-op bothered to voe in last year's elections.

*Each* society in turn *has* a financial holding in the CWS which produces and distributes both food and non-food products to retail societies on competitive terms. Societies are not obliged to buy from the CWS and, in fact, societies only buy *some two-thirds of* their needs from it.

Both individual societies and the CWS are members of the Co-op Union, along with other co-operative bodies such as the Co-operative Insurance Society, the Co-operative Press, the *national co-operative chemists,* and a number of others.

The Co-operative Party—which has some 17 MPs in the Commons—is an integral part *of the Union.* The *Co-op* Union's function is to co-ordinate information and advice about the Co-op movement and sent it to retail societies. The annual Congress acts as a national forum for discussion but does not have any real power to enforce decisions on members.

This complex organisational structure, nonetheless, controls a vast organisation. The movement has over 11,000 High Street stores; employs in total nearly a third of a million people; owns the biggest fleet of motor vehicles next to that of the Government; has some *150 factories* at home and abroad; operates the sixth largest deposit bank and the ninth biggest mutual insurance society in Britain.

The Co-op movement also supplies a third of the nation's liquid milk, is second only to *the National Coal Board in* retail sales of coal, and is the country's largest undertaker.

But the power in the Co-op movement lies firmly with the individual retail societies. And, as with any organisation so disparate, it is virtually *impossible to reach* a general agreement about change.

The key trading problem for the co-ops is that the movement has too many small stores which aer uneconomic to operate in the intense market condtions of the past few years and likely to *become even more* uneconomic in the 1980s. While the major multiples such as Tesco and J. Sainsbury have been busy shutting down their small stores throughout the 1970s, the co-ops have been reluctant to take such blatently commercial decisions when small stores often fulfil an important need in local communities.

The structural changes in grocery retailing have also served to mitigate against the co-ops. The trend in the 1970s was for national groups to be established: Tesco has made great strides in achieving national representation, while *Sainsbury and Asda are obth* expanding fast geographically. Traditionally, the co-ops great strength has been effective competition at a local level because its customers were also members. But in the 1970s, shoppers have switched to supermarkets offering the lowest prices—such as the large multiples.

Moreover, with the trend towards higher volume of sales through large store developments, the financial stakes needed to maintain and obost market share are increasing rapidly.

To its credit, the co-op movement has been aware of the need for large store development and is now the second largst superstore operator in the country with 65 stores and a further 16 *on the way within the next few* years.

But so large is its retailing base — with over 7,500 food stores and 11,000 outlets of all types—that even this substantial investment is not enough to compensate for the loss of sales *by its smaller stores. The real* problem remains the lack of any central direction of superstore development — and the difficulties of financing store expansion when profits are being eroded by the High Street price war.

## National strategy

Moreover, the various merger and rationalisation proposals of the past few years have been directed at *developing a national* strategy. In theory, the strategy is intended to work on three levels: to develop the superstore programme; to improve the top 1,000 large supermarkets so that they can compete on equal terms with the multiple grocers; and *to identify* the small stores that can fulfil a convenience role and still make a profit by charging higher prices for their convenience for the customer.

In practice, however, the strategy is difficult to put into practice because of the individual approaches of the societies.

Some societies, however, such *as the London Co-op* have been forced by the tough trading conditions in the High Street to take positive action. The London society has closed a number of its small stores and has turned a number of others into "Price-fighter" stores. These stores do not give customers the traditional dividend stamps; instead, the dividend is returned through lower prices.

The last major attempt to bring about change in the movement was made at last year's Co-op Union Congress when the president, Mr. Howard Perrow, suggested the setting up of a merger of the CWS and the *large retail societies.* Like most blueprints for change in the past few years, however, this idea has become bogged down in the many committees within the movement.

Probably the only real catalyst for change within the movement will come when the trading pressures are forced to take a more "co-operative" view of the trading situation. But by then the danger is that the decline of the co-ops may have gone too far to reverse.

Terry Kirk

*Although small grocers are being squeezed by the multiples, they survive because they offer convenience and service the big stores cannot match. Here a customer is served at Ibsons Foodstores in Braganza Street, Kennington, London, SE17*

# Distribution takes on crucial role

DISTRIBUTION IN the grocery industry is likely to emerge as one of the most vital areas of management in the 1980s, after decades of being considered the "poor relation" within the trade.

More than 99 per cent of all food, drink, and tobacco products distributed in the UK is carried by road, according to the Institute of Grocery Distribution (IGD). Yet because it is a "behind the scenes" activity, the importance of distribution is often forgotten in view of the more glamorous retailing activities such as marketing.

But with the rise in energy costs in the late 1970s and the general all-round pressure on profit margins resulting from increased costs and a static demand for food, manufacturers and retailers will be forced to give greater priority to distribution in the present decade.

Mr. Ian MacLaurin, Tesco's managing director, has pointed out that "even a marginal increase in fuel costs can have a serious inflationary effect—and all the indications are that energy price rises will certainly not be marginal in the years ahead."

## Own fleet

Tesco, for example, has its own fleet of some 230 lorries which in 1978 averaged some 800 miles a week. This fleet covered some 9.5m miles in a full year and—even before the latest fuel price rises—meant a bill for Tesco of more than £600,000 a year for fuel alone.

Rising energy costs mean that retailers are having to re-think the fundamental principles of distribution and the relationship between its component parts — transport, warehousing, depot location, and materials handling.

Retailers are also becoming increasingly concerned at the possibility of legal control of discounts obtained from manufacturers related to the cost of distribution—as happens in the U.S.—as well as having to come to terms with the impact of new electronic technology on stock control systems.

It is in the grocery trade—which accounts for a fifth of all consumer spending—where the problems of physical distribution have become most apparent. Price competition has always been relatively intense in the grocery market but over the past few years the rivarly for a greater share of a static food market has become exceptionally strong.

Retailers have attempted to boost volume sales at the expense of prices and profit margins — but the result has been to put increased pressure on distribution systems both to meet the higher volume of sales and also to reduce costs of distribution.

Tesco's highly successful "Operation Checkout" campaign, launched in June 1977, nearly became too successful for the company when its distribution network was strained to the limits and only eased by rapid acquisition of new distribution depots. J. Sainsbury, meanwhile, was hampered in 1977 from making an immediate response to Tesco's move by an industrial dispute among its distribution workers.

As the balance of power within the grocery trade has shifted steadily towards the major grocery retailers and away from suppliers, so the responsibility for distributing goods has been taken by more and more retailers. Most multiples (who account for over half the grocery trade) now direct between 40 per cent and 60 per cent of turnover via their own depots. Asda, however, has all deliveries made direct from suppliers to its superstores while Sainsbury's, at the other extreme, delivers 80 per cent of its goods via depots.

Having their own depot system has allowed retailers to exert greater control over distribution—essential for fresh foods, to obtain better terms from manufacturers, to reduct stockholding at branch level, and to reduce the number of deliveries to stores. From the supplier's point of view this has meant fewer but larger deliveries.

In the IGD's comprehensive case study reports on distribution it comments that the trend towards superstores has "presented many opportunities for planned vehicle access, and for improved reception and handling facilities." The IGD's report adds that "despite a high throughput of goods and a wide product range—usually involving different handling characteristics—congestion, delays and reusals to accept loads tend to be less than in older, smaller shops."

Nevertheless, the IGD's reports point out that difficulties encountered by suppliers in delivering to shops remain among their most frequently cited problems. Retailers unable to cope with an influx of lorries at certain times of the day, or because storage space is limited, simply refuse to accept the order. Because of retailers' market power, suppliers are unable to do anything about the problem.

In the grocery trade, as elsewhere, it is still unusual for companies to have a distribution director. A survey carried out by the Mintel market research company found that only 14 per cent of manufacturers of consumer goods sold through grocers had a specific distribution director.

Most major multiple grocery retailers have a distribution director in charge of depots and transport, although the IGD says that in several companies there was reported to be some friction between the distribution function and others, including buying.

But the IGD also points out the difficulties of establishing the full costs of distribution within a company, industry, or even the economy as a whole. "Distribution by its very nature frequently cuts across organisational and accounting boundaries and activities included within the functions by one company may be excluded by another," it says.

A survey by consultants A. T. Kearney & Co., published in 1970 and still widely quoted within the grocery trade, suggests that distribution accounts for some 16 per cent of retail turnover.

The Mintel survey also found that only 7 per cent of the 76 grocery manufacturers surveyed believed that distribution costs exceeded some 10 per cent of sales, while 47 per cent reported them to be less than 5 per cent.

## Pressures

However, the IGD's case-study approach shows, for example, that Gateway Foodmarkets' distribution costs accounted for only 3.5 per cent of grocery sales, 4.8 per cent of fresh food sales, and 5 per cent of frozen food turnover.

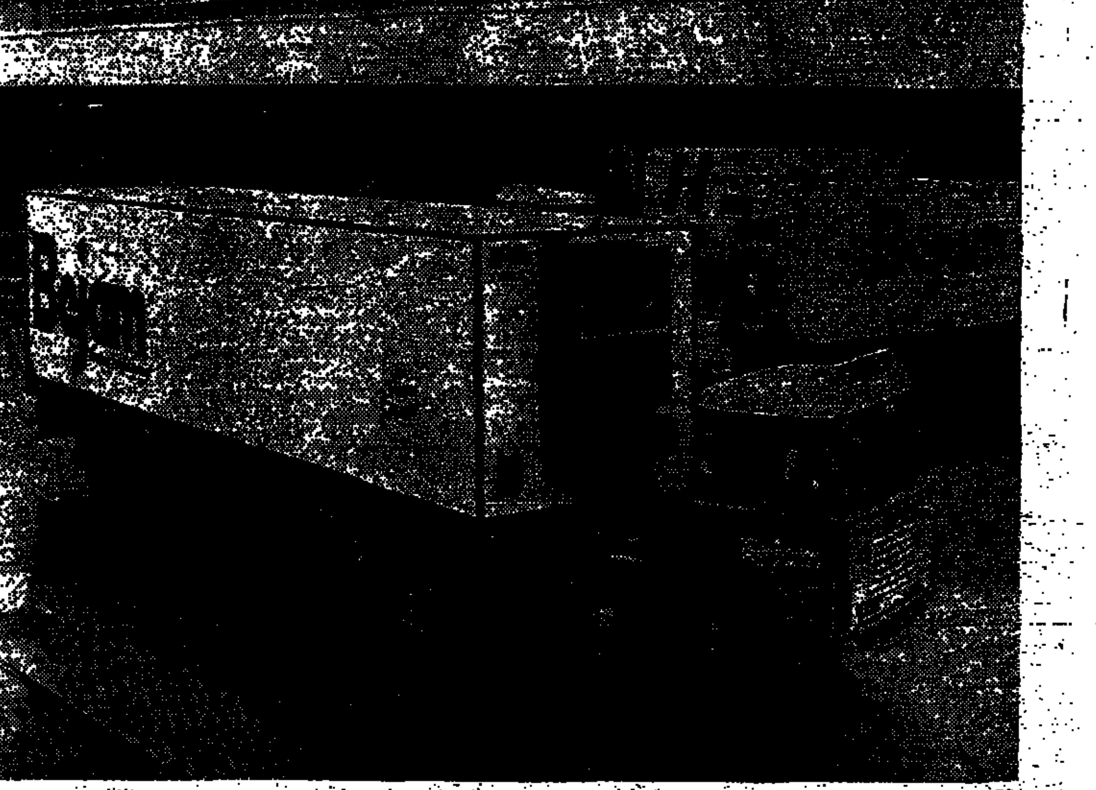
Whatever the difficulties of defining distribution costs, the fact that they will continue to rise sharply throughout the decade is likely to be of benefit to specialist distribution companies, such as SPD, Cory Distribution, Lowfield Distribution and TLT Distribution.

Mr. Colin Whimster, managing director of Lowfield — a subsidiary of the Imperial Group — points out the pressures on distribution.

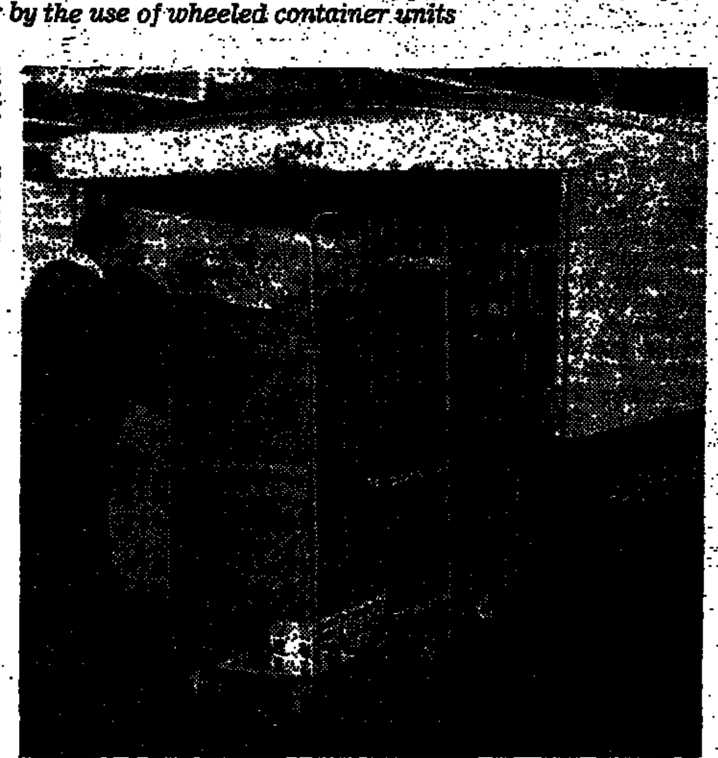
"Manufacturers are already aware that distribution is both their fastest rising cost area and one where, if they are doing it themselves, cost cannot easily be cut," he says.

On the other hand, he points out the demands from retailers for a faster and more efficient service to enable expensive stock levels to be reduced as well as favouring combined loads from different manufacturers to reduce congestion outside a store. In addition, retailers will also encourage new distribution modules — such as caged pallets—to cut down on mechanical handling and new specialist systems to handle more fragile or temperature sensitive products.

But despite all the pressures for improved distribution management, one speaker at a recent trade conference described the retail approach as "still more of a philosophical concept than function, perhaps because it is an established management an unnatural or, at the very least, an awkward and unweildy management tool."



*A York refrigerated trailer (above) carrying stock for Bejam freezer food centres and (below) loading at Harvey, Bradfield and Toyer's warehouse at Ruislip made easier by the use of wheeled container units*







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# Wholesalers squeezed by decline of small shops

THE EXPLOITS of the big grocery multiples fighting the High Street price war in recent years has tended to overshadow developments in the grocery wholesaling and cash and carry sectors. Yet this vital area of the grocery industry provides the lifeblood to the 76,000 or so small grocers which still account for about a third of all grocery sales.

And while the big supermarket chains have been fighting it out among themselves, the grocery wholesaling sector has established some major competitors in their own right.

For example, the merger of Linfood and Wheatsheaf has created a company whose total food sales—if aggregated—would put them third (behind Tesco and J. Sainsbury) in a league table of the top ten grocery retailers. And Booker Belmont, another major wholesaler, would be seventh on this basis.

Yet the lack of widespread publicity about grocery wholesaling as a sector also reflects the complexity of its structure. As a recent study by the Mintel market research company pointed out, the wholesale grocery trade has several different sectors some of which overlap. Moreover, there is a continually changing pattern of ownerships and affiliations.

The main difference is between grocery goods delivered to grocers and the more recent development of cash and carry, whereby the grocers buy and transport their requirements from large depots. Some wholesalers, however, operate in both areas.

In terms of the different types of trade covered, the main difference is between membership of a voluntary group and being an independent grocer. Cash and carries are also divided between those that belong to promotional groups, operating independently but trading under a common name.

## Blurred

As Mintel points out, this view of the wholesale trade is further blurred by the fact that some wholesalers are subsidiaries of conglomerates with both manufacturing and retailing interests while other wholesalers have themselves diversified into retailing.

The long history of grocery wholesaling in the UK is another reason why its importance is sometimes overlooked. Many wholesalers can trace their origins back to the 19th century before the days of multiple retailers or large food manufacturers with their National Federation of Wholeown branded goods. The sale Grocers is the main trade body, with about 200 members. However, since many of these companies also have operating subsidiaries, there are effectively about 350 wholesaling companies which belong to the federation. However, about half of the £3bn or so wholesale turnover is accounted for

The problem for grocery by the 30 largest wholesalers. wholesalers in the 1970s has been the steady erosion of the independents' market share while the multiple grocers have increased their power. Since most of the wholesale trade goes to small grocers—the multiples deal direct with the manufacturers—the small grocers' decline has hit the wholesalers as well.

This is especially so given the very narrow profit margins operate. Wholesaling food is a high volume, low margin on which grocery wholesalers activity and with the decline of the small grocery and the static overall consumer demand for food during the 1970s, then wholesalers have had to work extremely hard for their money. The price war of the past three trend, making a wholesaler's years has exacerbated this net profit margin now only around 1 per cent of turnover.

Wholesalers' gross profit margins are around 9 per cent, of which half goes on handling and distribution and only slightly less on administration, selling, running costs, and depreciation, leaving the 1 per cent net margin. Cash and carry wholesalers work on about 5 to 6 per cent gross margins, but a similar 1 per cent net margin.

to these pressures by moving Wholesalers have responded into non-food lines, and spreading their expertise into the cash and carry and catering businesses. Wholesalers have also taken steps to improve their operating efficiency, by such means as closing old and badly-sited warehouses and building new single-storey depots. They have also taken advantage of new technological developments such as sophisticated mechanical handling equipment.

One of the main factors which annoys grocery wholesalers is the willingness of food manufacturers to give the large multiple supermarket groups discount for volume orders, even if the goods have to be delivered to several depots or individual stores. Grocery wholesalers, who relieve the food manufacturers of the distribution owrries of servicing a large number of small grocers, do not normally obtain the same level of discounts.

"The wholesale side of the food distribution industry is before to show our manufacturnow better placed than ever ing colleagues that we are still alive and kicking and are getting a little fed up with the continuing subsidies that they pay to the multiples in the Mr. David McGill, buying form of free distribution," says director of Harvey, Bradfield and Toyer.

This issue is part of the Monopolies and Mergers Commission inquiry into the whole question of manufacturers' discounts to retailers. The Commission's report is expected to be completed later this year.

The pressures on the wholesalers in the 1970s has led to a series of major mergers and rationalisations. One of the most significant of these was Linfood's merger with Wheatmajor stake in food distribusheaf, which gave Linfood a tion. It also meant that Linfood became the major wholesale supplier to both the VG and Spar voluntary groups of small grocers. Booker Belmont, part of the Booker McConnell group, is the main supplier to the Mace voluntary group.

## Inquiry

But the complexity of the inter-relationships between the grocery wholesalers and the voluntary chains of small grocers is considerable and sufficient to baffle most people in the grocery trade itself.

The cash and carry trade, since it is a more recent development, is more easily understood although it too has its complex organisational structures.

There are three main types of operator:

- independent wholesalers, such as Makro and Nurdin and Peacock, which tend to have larger depots, more non-food content, and on the whole have grown fastest in the sector.
- voluntary group wholesalers such as Trade markets (linked to V.G.), Keencost (Mace-linked), and Value Centre (Spar-linked). These tend to operate smaller depots, concentrate on food, and to some extent compete with their own delivered trade business. Growth has tended to be average or below.
- groups of independent wholesalers, of which the largest are Landmark and Warriner and Mason. Rationalisation is proceeding rapidly in this area, with groups combining and tobacco companies moving in to boost their cigarette distribution systems.

The future prospect for both grocery wholesaling and cash and carry cannot be very good, and there are questions still to be answered over the future of small grocery retailers as a whole over the 1980s. What does seem likely, however, is that there will be further mergers and rationalisation in both sectors as a few large companies attempt to maximise the potential from wholesaling.

# Trade has its own forum

THE Institute of Grocery Distribution, which has its annual conference in Brighton on Monday, has carefully built up its information role during the 1970s to provide the fast-changing grocery industry with a sound database to take advantage of the rapid developments expected throughout the new decade.

The theme of Monday's conference, for example, is *typical of the IGD's* activities. The conference will aim at focusing attention on the options for growth in the *1980s* and examine the management thinking underlying diversification into new product areas.

The IGD is not a trade association and therefore does not carry out any of the lobbying functions with Government generally associated with trade bodies. The grocery industry has other organisations responsible for this.

Basically, the IGD's role is threefold: to provide accurate and objective statistics on the industry; to inform, educate, and train those within as well as those outside the grocery industry as to the problems, pressures, and solutions that the industry faces; and also to provide a forum for the trade.

The IGD now offers a comprehensive information and statistical service about the *trade to some 300 major companies* which make up its membership, as well as offering individual executives in *the industry the chance to* take personal advantage of its facilities.

As with most trade bodies, whatever their role, the IGD has had to battle to establish both its financial footing and reputation for its services. Basic income comes from an annual subscription paid by the 300 member companies, at a rate related to their own grocery sales. But the IGD is also seeking to increase its other sources of income which are directly linked to its information services. In fact, in 1980 income from other sources is estimated at some £300,000, which represents about 60 per cent of its gross revenue.

While the IGD's origins date back to 1909, the present institute was formed in 1972 from a merger of the Grocers' Institute and the Institute of Food Distribution.

In the early days, the institute was concerned mainly with education, providing trade qualifications for retail trade personnel. However, the past few years have seen major developments in information and research. With specialists in finance, physical distribution, marketing and economics, the IGD now has a full research programme as well as providing a data base for companies in the trade and others outside the industry.

Although education has taken a lesser role in recent years, *current thinking within* the IGD is to re-establish a more comprehensive package of business education *suited to the industry's needs in the* 1980s. The emphasis on a long correspondence course leading to IGD qualifications is to be phased out and replaced by material aimed at the Business Education Council qualifications.

At the same time, other courses are being set up to provide a shorter, sharper impact and involving much more face-to-face contact.

One of the major problems baced by the IGD has always been how to communicate with the industry. During the year, the IGD communicates directly with some 4,000 people in the industry. Yet the IGD is aware that many of its contacts are unaware of the wide range of services provided by the institute.

The IGD was also concerned that it was only reaching top management, since about 50 per cent of its contacts are with directors or senior management within the main grocery companies.

In the 1980s, the IGD's developing role is likely to reflect the same trends towards diversification which are apparent in the rest of the grocery industry.

For example, the switch into non-foods by most leading grocery chains will call into question the definition of the word "grocer." The IGD, however, acknowledges that if the interests of its corporate members widen, so must those of the institute. But the IGD is also aware that it should not let the diversification bandwagon mean any lessening of its central interest in the food trade.

"What is important is that the apparent narrowness of our title should not proscribe our approach," an IGD spokesman points out.

# Retailers face challenge of electronic checkouts

THE EXPERIMENTS into new laser-scanning electronic checkout technology now being carried out by the major *supermarket multiples represents* potentially the biggest challenge facing the grocery industry in the 1980s.

*If* the experiments prove successful — and early results suggest that they will be — then the effect on the industry will be as significant as the introduction of self-service supermarkets in the 1950s and 1960s. Moreover, the electronic revolution in the High Street will not only have significant effects on supermarkets—the implications will be felt not only by food manufacturers but by companies involved in packaging, printing, market resarch, advertising, computer equipment, accountancy and data processing.

For grocery retailers, the new laser-scanning checkout system promise to provide an unprecedented degree of stock control and increased productivity which should lead to lower operating costs. For manufacturers the system offers a unique test-marketing process providing accurate sales figures and other data for their products. It will also help reduce long checkout queues and give a till receipt itemising by name and price every product bought by customers.

*A laser scan checkout system in use at a Key Markets supermarket in Spalding*

Although major UK supermarket chains are only just beginning to carry out their extensive trials into the new technology, such systems are already widely in use in both the U.S. and Europe. British retailers, however, hope that by a more careful implementation of the new technology, they can avoid some of the minor pitfalls that have hit pioneers of the new equipment.

## Unique number

Under the new system, each grocery or non-food product sold in a modern supermarket will have it own unique 13-digit number allocated by the Article Number Association.

The first two digits of the number will, in the case of the UK, always be 50 since these identify the country of origin. The next five digits identify the supplier and are allocated centrally by the association and stored in the association's "number bank." The following five digits are allocated by the supplier to his products—each size or weight variation has to have its own number. The final digit serves as a check when fed into the computer to ensure that the preceding digits are scanned accurately.

The association has some 10bn numbers available for UK manufacturers, so there is no danger of running out of numbers in the foreseeable future.

The 13-digit number allocated toa product is translated into a series of short lines or bars of varying thickness, which are then printed on the products by manufacturers as part of the normal packaging.

At the cash desk, the cashier *pases each item over* a low power laser scanner built into the checkout which reads the bar-code and transmits the *information to an in-store* computer linking all the checkouts. The current price of the item in that store is then fed back *by the computer* to the checkput where it, and a description of the item, appears on a visual *display panel* next to the cash register. Simultaneously, the information is listed automatically on to the till receipt, which prints both the name of the item and the price and thus enables the shopper to see exactly what each item cost.

The process takes only a fraction of a second and, because the cashier is not manually keping in prices, the whole checkout operation should be both faster and more accurate than a traditional system. Not surprisingly, therefore, retailers expect shoppers to embrace the system with enthusiasm, even though some consumers may be upset at the loss of price-marking.

But it is not entirely out of altruism that the major supermarkets are devoting considerable management time and money—more than £10,000 per checkout—on the new systems. The reason quite simply is that supermarkets will have access to an unprecedented degree of accurate and fast information about stock levels at any given time.

The laser-scanning system provides the means for instant stock-control. Goods brought into the store can be scanned on arrival and the information recorded in the in-store computer. *When they are scanned* at the checkout, the computer automatically registers the stock depletion. The computer *is thus able to alert store management* to stock shortages and analysis of the data would enable the cyclical fluctuations *in certain items to be identified.* Eventually, it is envisaged that stock re-ordering could even be handled directly from the store computer to the company's depot computer and from there direct to the manufacturer.

The existence of a comprehensive stock control system that can be achieved by laser-scanning also has the claimed benefit of reducing the level of shoplifting and employee theft. Experience in the U.S. has shown that not only does the system act as a deterrent but it also enables security officers to identify the time and location of goods stolen.

*Labour costs will also be* reduced by cutting the number of staff needed for such jobs as indivdually price labelling every item in the store, because the bar code will already have been printed o nto the packet by the manufacturer.

Although no accurate qualification of the scanning systems being installed in the UK is yet available, some attempt to quantify the costs and benefits in the U.S. was made by the McKinsey management consultants.

McKnsey identified so-called "hard" benefits from the new system in the areas of labour costs, administration and training at the check-out, pricing and re-pricing, and ms-ringing. Soft benefits covered increased sales and other merchandising benefits, a reduction in theft, labour rescheduling, and more efficient ordering and receiving procedures.

Total hard savings according to McKinsey amounted to 0.82 per cent of sales in a store turning over £1.7m a year. This comprises 0.27 per cent for checkout labour, 0.37 per cent for pricing and re-pricing savings, 0.10 per cent for mis-ringing, and 0.08 per cent for checkout administration and training.

Aganst these hard savings, McKinsey calculated costs of 0.55 per cent, which suggested net hard savings of 0.27 per cent. Soft savings, according to McKinsey, would mean another 1.15 per cent of turnover.

A new survey published recently by the Institute of Grocery Distributon (available from the Institute at Letchmore Heath, Herts, at £45 to non-members) suggests that changed circumstances since the McKinsey study in 1974 enhance "the attractiveness to retalers of point of sale systems and must reduce the payback period from the five years estimated by McKinsey."

A special survey of IGD members who have investigated the new systems found that the early benefits achieved are associated with improvements in checkout administration. Retailers told the IGD that "improved information for cashing up," "cash control," and "automatic summary of checkout information" were the most important benefits.

Retailers asked to anticipate future benefits gave increased prominence to such "soft" benefits as improved stock control.

Manufacturers were also included in the survey and some six out of every 10 of those questioned expected some benefits. These were chiefly in the areas of improved market re*search data; electronic data* exchange; reduction in salesmen's time in a store; and improved supplies of stocks to *prevent out-of-stock positions in* stores.

However, a number of manufacturers claimed no benefit other than sound public relations. "We expect that customers using automated checkout systems will prefer to purchase products which are bar coded," commented one manufacturer. "Therefore it is in our interest as a supplier to provide this service."

However, other manufacturers pointed out that they would be forced to bar code products to prevent discrimination against them by retailers who would only accept goods with bar-codes printed on them. But most manufacturers acknowle most manufacturers acknowledged that the costs of actually incorporating bar codes on to their products would be minimal.

*Hillards' new store at Selby, opened last month*

## Key to success

The key to the successful introduction of the new checkout systems, however, rests with the speed with which manufacturers are prepared to print bar-codes on to their products. The Article Number Association's membership now represents companies who account for the bulk of food sales in the UK and some trade estimates suggest that some 70 per cent of all grocery products sold will be bar-coded by the end of this year.

The speed with which supermarkets start to extend their trial use of the new systems will depend, therefore, on how fast manufacturers print the codes on to products as well as the ability of supermarket chains to cope with the implementation of the new technology.

Key Markets, the Fitch Lovell supermarket subsidiary, was the first UK multiple to introduce an operational laser-scanning system. It introduced the new system last October in its superstore at Spalding in Lincolnshire. Key Markets plans to have a further four stores operating the new checkouts by the end of this year.

Next in the field with operational systems has been J. Sainsbury and International Stores. Sainsbury's has introduced the new system into its Broadfield superstore, on the outskirts of Crawley. At present Sainsbury is using IBM equipment but it also plans to test our NCR equipment—the other major manufacturer of the computer hardware—later in the year at the same store.

Last month International Stores introduced its first laser-scanning system to its Folkestone superstore, again using IBM equipment. International is expected to have at least two other stores operating the system by the end of the year.

Tesco, which has been testing a less sophisticated checkout system at its Wellingborough store for the past few years, is poised shortly to upgrade the *system to full laser-scanning.*

Other store groups, including Asda, Fine Fare, and some co-operative retil societies; are also at an advanced stage with preparations for use of trail systems.

*Even if all goes well, however,* the most optimistic projections for widespread implementation of the new systems means another two to three years before laser-scanning at the checkout becomes an accepted feature of High Street shopping.

# Equal time for anti-smoking

BY ANATOLE KALETSKY

"SMOKERS DIE YOUNGER" is the sort of terse, simple and emotive catch-phrase that could have made an advertising copy-writer's fame and fortune. But there are no prizes for guessing that this slogan did not emanate from Madison Avenue or its foreign outposts. It was the creation of some unsung hero of the Irish Government's anti-smoking campaign. After May 30, it would appear on all Irish cigarette packets, if the Health Minister had had his way. In the event, the Irish Government has offered cigarette manufacturers two other options which they may choose to print: "Cigarettes can cause cancer" or "smoking can seriously damage your health." Naturally the last warning is the one that most manufacturers will choose. But even the very discussion of the other two has been for the tobacco industry, a terrifying portent of things to come.

## Commercial

A more commercial attitude to the war against smoking in Britain could break the current deadlock between the Government and the tobacco industry. The industry is resisting the Government's suggestions for further voluntary restrictions on cigarette advertising, partly because it believes that the present administration would be even more reluctant than its predecessors to impose its will by legislative force. The Government's ideological commitment to free enterprise in general and competition in particular is at least as strong as its concern about the health of the British people (who have an exceptionally high incidence of lung cancer) and about the cost of the National Health Service.

Not only can statutory restrictions on advertising be viewed as a kind of attack on the tobacco companies' freedom of expression. More importantly, the companies argue that only through advertising can they compete with one another in creating customer-awareness and loyalty for their brands. It is to identify and differentiate their products that the tobacco companies claim to advertise.

But the Government could take much stronger action against smoking without deviating at all from its libertarian market principles. Instead of trying to restrict cigarette advertising even further, either by voluntary agreement or by law, the Government could turn the tobacco companies' own marketing weapons against them.

At the simplest level, it could make the Government health warning that appears on all cigarette packets and all advertising much more prominent and much more aggressive than the mealy-mouthed one which begins with the soporific preamble "HM Government warning . . ." and is carefully separated from the rest of the message in the advertisement or on the packet by a neat little box. Lurid warnings, such as "Smoking causes cancer" or "Smokers die young," strikingly displayed, within the context of an advertisement, would go some way to turning the tobacco companies' claims that cigarette advertising does not increase overall consumption into a reality.

To be effective, the warnings would have to be not only shocking, but also varied and unpredictable. Any agency worth its salt could invent dozens of slogans, without straying beyond the advertising industry's standards of accuracy. For maximum impact these would be built upon to produce a fully fledged marketing campaign. The next step in this market-oriented anti-smoking strategy would be to levy a tax on cigarette advertising, which would be used to buy "equal time" in the media for the Government's campaign.

## Serious intent

The result would be that, the more the tobacco industry advertised, the more widely and imaginatively wold the Government spread the anti-smoking message. If the Government were serious about winning over the potential smoker's hearts and minds, the man who suggested printing "smokers die young" on every cigarette packet could become as rich as the one who first thought of squeezing a pack of Marlboro into the back pocket of a swaggering cowboy's jeans.

# New Town success story

BY JOHN GRIFFITHS

AROUND BRITAIN
BRACKNELL

ANYONE LOOKING for "Heseltown" on the map of central Berkshire will not find it. The simple reason is that it does not—as yet—exist.

But last week Mr. Michael Heseltine, the Environment Secretary, confirmed that it would, although the name—awarded to it by furious inhabitants of this rural part of the country—is neither official nor complimentary.

Mr. Heseltine has thrown out part of Berkshire County Council's structure plan, and petitions to Mrs. Thatcher have fallen on rather more stony ground than the 1,000 acres involved, in deciding to remove provisional Green Belt status from land arcing westwards from Bracknell New Town. The decision will mean the building of 8,000 homes in addition to the 31,000 already projected for the country under the structure plan.

Central Berkshire Action Group, an amalgam of local interest groups, has vowed to carry on fighting; county and district councils have yet to determine exactly what land might be used, and other uncertainties could also affect a policy which is unlikely to be translated into bricks and mortar on a major scale before the mid-1980s.

But short of parliamentary action, it is almost certainly a battle which the local groups have lost. Equally, it will complete a process of change in central Berkshire first set in motion with the decision to develop Bracknell from a town of 5,000 (the most notable feature of which was a cattle market) in 1951 into a new town of nearly 50,000 today.

While little of the "Heseltown" development is expected to fall within the Bracknell New Town itself, it will almost inevitably serve to form a semi-urban chain linking Bracknell with the town of Wokingham a few miles to the west.

Bracknell Development Corporation's legacy to the New Towns Commission, when it dies in 1982, will be an altogether less problematical one than those of many of the new towns.

While the Development Corporations of other new towns have jostled to display their carrots in the industrial and commercial marketplace, Bracknell's has almost needed a stick to keep the nibblers away.

Increasingly during the 1970s it found itself discouraging would-be incoming industry to ensure adequate expansion space for companies already there. Two initial industrial areas have long been filled up, while the third—and at 190 acres the largest—site, on the southern outskirts, is allocated.

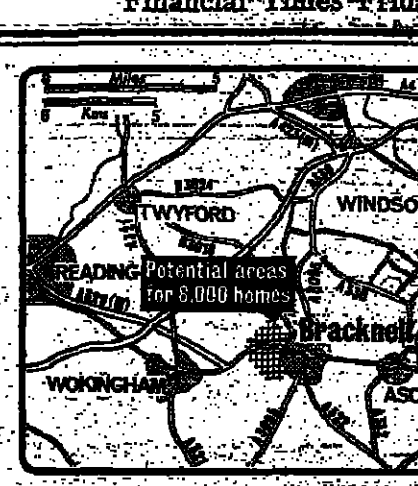
Last month, Sperry Gyroscope, a division of Sperry Rand which has been established in Bracknell for some years and employs over 2,000 people, opened a new £3m, 72,000 sq ft administrative centre. Outline plans have just been approved for a new office block for Ferranti to complement its existing computer systems and micro-electronics activities, and other expansion projects—notably on offices expansion by 3M—are under way.

The Racal electronics group has headquarters close to the town centre, above which tower office blocks occupied by Honeywell. With ICL, Computel and a number of other, smaller electronic concerns clustered in the neighbourhood, Bracknell is represented as the eastern end of a developing British "silicon valley," at the western end of which will be the NEB-funded Inmos at Bristol and through which the M4 provides the supply route. With electronics industries also moving into towns along the way such as Reading and Swindon, it is a vision which perhaps is not too far-fetched.

Certainly Bracknell's location accounts for much of its success: it is little more than 20 miles west of London, with the M4 a few minutes drive to the north; the M3 a similar distance to the south.

Work will start soon on a relief road west of the town to provide yet quicker access to the M4. And Mr. G. J. Bryan, the Development Corporation's general manager, suggests that when the western arc of the M25 London orbital motorway, now starting to snake through the countryside a few miles to the east, comes into use the last small gap in Bracknell's communications network will be plugged.

Set in the heart of one of Britain's most prosperous south-eastern areas, Bracknell has few unemployment problems; indeed its major companies have trouble finding skilled labour and the Development Corporation has retained allocations of some of the 11,000 houses it handed over to the district council in 1978 specifically to attract workers.




Bracknell today hardly fits into the new town pattern of housing a predominantly London overspill population supported primarily by its own industries and commerce.

Some 11,000 people—40 per cent of the labour force—leave the town each day for workplaces elsewhere. The same numbers flow in to work from outside. Many of those who live there now have been drawn in from elsewhere in the surrounding countryside.

Bracknell, in short, economically if not physically, is blending into the landscape.

Approached from any direction, the town centre towers above undulating, mainly rural scenery. And sealed off from surrounding residential areas by a tarmac moat, it dies at night with the closing of the shops.

Offsetting this, the residential areas have been planned as individual communities of about 6,000, each with its own community centre, pub and shopping facilities. And at Birch Hill, one of the newer zones, small workshop units for lease spread out almost unnoticed behind the neighbourhood supermarkets.

The housing has been designed to try and retain a semi-rural atmosphere. Many trees remain from the conifer woods out of which much of Bracknell was carved, with very few flat blocks and many courtyard type developments free of traffic. A recent development in the new district of Hanworth has just won a Belgian award for design, though in many places the architects' efforts are defeated by litter.

With Bracknell's town centre designed specifically to be operated by one landlord, how to portion them up is proving a problem. But in one sense at least the corporation was a leader in disposing of assets: in 1949, when it was setting up shop, its very first disposal was the pig which came with Farley Hall, a former hotel which—for the next two years at least—remains the Corporation's headquarters.

# Into Action over Conan Doyle

## RACING

BY DOMINIC WIGAN

ALTHOUGH THIS afternoon's £12,000 added XYZ Handicap at Newcastle is unlikely to cause even a ripple in the 2,000 Guineas market, in contrast to a year ago when Baptism skated home, it should still be an interesting race.

The field of nine contains a number of promising three-year-olds, including that lightly raced pair Into Action and Conan Doyle, both of whom caught the eye in the second half of last season.

Into Action, whose handler Jeremy Hindley has a fine "strike rate" with the few runners he sends to Gosforth Park, still has a long way to go before justifying the $370,000 laid out for him as a yearling.

Nevertheless, in cleverly beating the Mount Hagen colt North, at Newmarket in October, he showed that a bright future lies ahead of him. Always looking capable of justifying favouritism on his home course, Into Action, a brown son of the brilliant mare Swift Lady, was well in command racing into the dip.

This afternoon's ten furlongs will suit him admirably.

Conan Doyle, a Derring-do colt trained at Lambourn by Paul Cole for his wife, also justified favouritism on the second of his two juvenile appearances. An even-money chance for a six furlongs race at York in July Conan Doyle, a full brother to that luckless Warwick third of five days ago, Detonate, needed only to be pushed out to beat Snow Blessed.

He, too, will be well served by today's trip. However, Into Action is narrowly preferred.

Whatever his fate in the big race, Cole seems unlikely to return empty-handed. Both Queen's Pride and King Hustler have bright chances in later events.

NEWCASTLE
2.30—Northern Magic
3.00—Verablism
3.30—Into Action***
4.00—Cleant**
4.30—Queen's Pride
5.00—King Hustler*

SANDOWN
2.00—La Glinette
2.30—One Fleet Street
3.05—Laska Floco
3.35—Noble Heir
4.10—Water Dance
4.45—Sarigue

# TV/Radio

## BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 10.15 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Camberwick Green. 2.02 For Schools, Colleges. 3.20 Pobol y cwm. 3.55 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Maxi-dog. 4.25 Baggy Pants and the Nitwits. 4.50 Blue Peter Special Assignment. 5.35 Captain Pugwash.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
7.00 Bugs Bunny.
7.10 The Wonderful World of Disney.
7.50 Terry Wogan Meets JR: Larry Hagman in conversation.
8.20 The Sun Trap.
8.50 Points of View.
9.00 News.
9.25 The Eddie Capra Mysteries.
10.15 Rosie (London and South East only).
10.45 Regional, National News.
10.50 The Late Film: "New Face In Hell" starring George Peppard.

All Regions as BBC1 except as follows:

Cymru/Wales — 1.45-2.00 pm Bys a Bawd. 4.50 Tren Screch. 5.10-5.40 God's Wonderful Railway. 5.55-6.20 Wales Today. 7.00 Teddiw. 7.20-7.50 Pobol y cwm. 10.15 Music Makers. 11.05 News for Wales. 11.06-12.43 am The Late Film: "Banning."

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Beechgrove Garden. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Jazz Club. 10.45-10.50 Regional, National News. 12.40 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) Weekend; Midlands (Birmingham) The Garden Game; North (Leeds) Let the People Talk; North East (Newcastle) Coast to Coast; North West (Manchester) Voices from the Past?; South (Southampton) The Petworth Inheritance; South West (Plymouth) Newswatch; West (Bristol) The Fly and the Eagle.

## BBC 2

6.40-7.55 am Open University.
11.00 Play School.
3.10 pm Snooker: Embassy World Professional Championship.
4.50 Open University.
6.55 Snooker.
7.20 Mid-Evening News.
7.30 Gardeners' World.
7.55 Newsweek: Ireland: Republicans and Loyalists.
8.30 Vikings!
9.00 Playhouse.
9.55 Snooker.
10.45 Newsnight.
11.30 Snooker.
†12.00-12.55 am "The Outer Limits."

## LONDON

9.30 am Schools Programmes. 11.55 Cartoon. 12.00 A Handful of Songs. 12.10 pm Once Upon a Time. 12.30 Moneywise. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. †2.45 Friday Matinee: "Young and Innocent." 4.15 The Boy Merlin. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Play Your Cards Right.
7.30 The Cannon and Ball Show.
8.00 Hawaii Five-O.
9.00 The Gentle Touch.
10.00 News.
10.30 Soap.
11.00 The London Programme.
11.45 Luke's Kingdom.
12.45 am Close: Personal choice with Dorothy Tutin.

All IBA Regions as London except at the following times:

### ANGLIA

1.25 pm Anglia News. 2.45 Houseparty. 3.15 Fireside Theatre. 5.15 The Practice. 6.00 About Anglia. 10.30 7 Days. 11.00 Friday Late Film: "The Movie Murderer." 12.45 am Your Music At Night.

### ATV

1.20 pm ATV Newsdesk. 2.45 Movie Premiere: "Things in Their Season." 5.15 Happy Days. 6.00 ATV Today. 10.30 Soap. 11.00 ATV Newsdesk. 11.05 The James Stewart Star Movies: "Two Rode Together."

### BORDER

1.20 pm Border News. 2.45 Houseparty. 3.15 The Love Boat. 5.15 Fangface. 6.00 Lookaround Friday. 6.30 Thingummyjig. 8.00 The Incredible Hulk. 10.30 Scottish TUC Conference Report. 11.00 The Final Whistle. 11.30 Motorway. 12.30 am Border News Summary.

### CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "Hey I'm Alive." 4.12 Puffin's Birthday Greetings. 6.00 Report At Six. 6.35 Ladies First. 8.00 Vegas. 10.28 Channel Late News and Weather. 10.30 Brown Study. 11.05 Yesterday's Child. 12.30 am News and Weather in French.

### GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.00 After Noon Plus. †2.45 Friday! Matinee: "The Big Job." 6.00 North Tonight and Area Weather Forecast. 6.35 Sportscall. 8.00 B. J. and the Bear. 10.30 Conference Report (highlights from the STUC Conference in Perth). 11.00 Ice Hockey. 11.30 Reflections. 11.35 Police Woman. 12.30 am North Headlines.

### GRANADA

11.50 am The Bubbles. 1.20 pm Granada Reports. 2.00 Live From Two. 2.45 Friday Matinee: "Curtain Call at Cactus Creek." 5.15 Granada Reports. 6.00 Granada Reports (continued). 6.30 This Is Your Right. 8.00 Vegas. 10.30 Kick Off. 11.00 Soap. 11.30 House of Horrors: "Island of Terror."

### HTV

1.20 pm Report West Headlines. 2.45 The Friday Matinee: "Conflict of Wings." 5.15 A Sharp Intake of Breath 6.00 Report West. 6.30 Emmerdale Farm. 8.00 A Man Called Sloane. 10.35 Report Extra. 11.05 The Friday Film: "The Lonely Profession."

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.48-11.08 am Cymru A'r Mor. 11.55-12.10 pm Mistar Clai. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.15-4.45 Antur A Champ: Munudau Gwefreiddiol. 5.15-5.45 Noah's Castle. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35—11.05 Schubert Gala Concert.

### SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "The Runaway Barge." 5.15 Mork and Mindy. 6.00 Scotland Today. 6.30 Emmerdale Farm. 8.00 The Streets of San Francisco. 10.30 Ways and Means. 11.00 Ice Hockey. 11.30 Late Call. 11.35 Vegas.

### SOUTHERN

1.20 pm Southern News. 2.45 Houseparty. 3.15 Fantasy Island. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Out Of Town. 8.00 Streets Of San Francisco. 10.30 Southern News Extra. 10.30 Southern Report. 11.05 Soap. 11.35 The Late Late Show: "The Lost Honour of Katharina Blum."

### TYNE TEES

9.20 am The Good Word, followed by North East News. 1.20 pm North East News and Lookaround. †2.25 Friday Film Matinee: "Background." 5.15 Happy Days. 6.00 Sportstime. 6.25 Northern Life. 8.00 The Incredible Hulk. 10.30 North East News. 10.32 Friday Live: Politics in Sport. 12.00 WKRP in Cincinnati. 12.30 am Epilogue.

### ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "Young and Innocent," directed by Alfred Hitchcock. 4.13 Ulster News Headlines. 5.15 Mork and Mindy. 6.00 Good Evening Ulster. 8.00 Vegas. 10.29 Ulster Weather. 10.30 Sportscast. 11.00 Witness. 11.05 Friday Film: "Hey, I'm Alive." 12.25 am Bedtime.

### WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "Hey I'm Alive." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 8.00 Vegas. 10.32 Westward Late News. 10.36 Sportsline Special. 11.35 Chopper Squad. 12.30 pm Faith For Life. 12.55 West Country Weather and Shipping Forecast.

### YORKSHIRE

11.55 am The Bubbles. 1.20 pm Calendar News. †2.45 Friday Film Matinee: "Too Many Crooks." 5.15 Take My Wife. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 8.00 The Incredible Hulk. 11.00 The Friday Night Film: "Bitter Harvest."

## RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave.

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

## RADIO 2

5.00 am News Summary. 5.03 Ray Moore (S). 7.32 Terry Wogan (S), including 8.27 Racing Bulletin, 8.45 Pause for Thought, and 9.03 Top Five Albums. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 6.03 John Dunn (S). 8.02 Jim MacLeod and his Band at the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Marks in his Diary. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

## RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Bax (S). 10.00 Young Artists Recital (S). 11.00 Music for Harpsichord (S). 11.35 Cello Sonatas from America (S). 12.10 pm BBC Welsh Symphony Orchestra: Part 1 (S). 1.00 News. 1.05 BBC Welsh SO Part 2 (S). 2.00 Hereford Cathedral (S). 3.00 Vermeer String Quartet concert: Part 1 (S). 3.55 Interval Reading. 4.00 Concert: Part 2. 4.35 Minimal Music by Steve Reich (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 6.20). 6.55 Play It Again. 7.00 Hummel (S). 7.30 Andre Tchaikowsky piano recital— part 1: Haydn, Schubert (S). 8.05 A Telephone Call: Monologue by Dorothy Parker. 8.25 Andre Tchaikowsky—Part 2: Chopin (S). 9.15 Virgil's Eclogues. 9.30 Sibelius: Symphony No. 6 (S). 10.05 The English Ayre (S). 10.25 Haydn Quartet/Schoenberg Trio (S). 11.15 Music From India (S). 11.55-12.00 News.

## RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs. 9.45 Down The Garden Path. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 A Power To Choose. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.10 A Singer Remembers (Robert Easton). 4.40 Preview. 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 Miles Kington with the BBC Sound Archives. 12.00 News.

## BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00-5.00 am Join Radio 2.

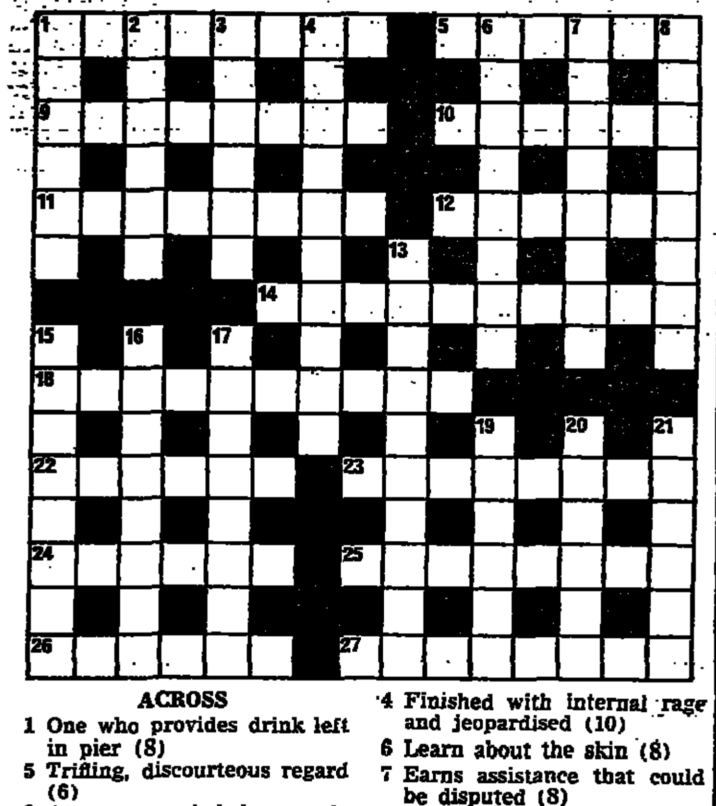
## London Broadcasting

6.00 am AM with Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 8.00 pm. After Eight. 9.00 Nightline. 12.00 LBC Reports Midnight. 1.00 am Night Extra. 5.00 Morning Music.

## Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 1.00 pm London Today First Report (S). 1.10 Dave Cash (continued). 3.00 Roger Scott (S). 7.00 London Today (S). 7.30 Party Pieces (S). 7.45 Adrian Love's Open Line (S). 9.00 Nicky Horne's "Mummy's Weekly" (S). 11.00 Mike Allan's Late Show (S). 2.00 am Night Flight (S).

## F.T. CROSSWORD PUZZLE No. 4,259



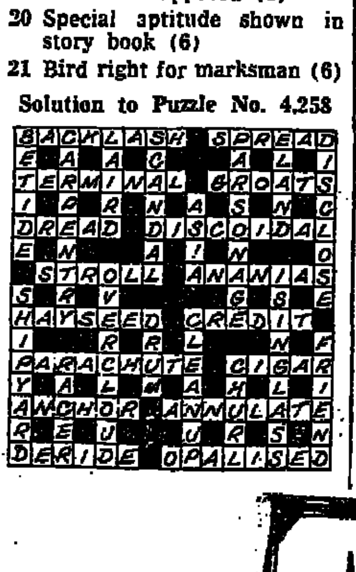
ACROSS

1 One who provides drink left in pier (8)
5 Trifling, discourteous regard (6)
9 Apostate exploded grenade in front of eastern leader (8)
10 Soldiers telephone and spoke maybe! (6)
11 Contrite writer I must follow with wine (8)
12 Long drink for a horse (6)
14 Distortion through translation (10)
18 One who loves cloying offal (10)
22 A certain thoroughfare where one may drive on the right (3-3)
23 Deplore article in service (8)
24 Explosive in seam at Oldham (6)
25 Superficial type in ooze (4-4)
26 Three times as much voice (6)
27 Trust heraldic gold from debtee (8)

DOWN

1 Shave a small part on end of face (6)
2 Write article on Greek capital or Malaysian state (6)
3 Ambassador and member dined (6)
4 Finished with internal rage and jeopardised (10)
6 Learn about the skin (8)
7 Earns assistance that could be disputed (8)
8 Indulgent to the French bombast (8)
13 Fail to notice word of hesitation from superintendent (10)
15 Corresponding in sound with fool on insect (8)
16 Banish soldiers over 3 (8)
17 Part raised in soil for thrashing (5-3)
19 Work in short edition it could be supposed (6)
20 Special aptitude shown in story book (6)
21 Bird right for marksman (6)

Solution to Puzzle No. 4,258



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# THE ARTS

**Cinema**

## Spielberg in overkill

by NIGEL ANDREWS

**1941 (A)** Leicester Square Theatre
**Knife in the Head (X)** Paris-Pullman
**Sweet William (AA)** Classic Haymarket
**The Last Married Couple In America (X)** Plaza
**Grey Gardens (A)** Minema

"Are you going to come quietly?" Spike Milligan once said as the arresting officer in a cops-and-robbers sketch, "or do I have to use ear-plugs?" *1941* doesn't come quietly; you have to use ear-plugs. And while you're taking protective action, you might also consider headache pills and eye-drops. Steven Ppielberg's new film—he made *Jaws* and *Close Encounters*—comes ,out at you like the massed forces of the late Attoila the Hun and bashes you around in your seat, KO-ing your cashew nuts, in the screen's biggest audio-visual assault since the complete works of Ken Russell.

It's a slapstick epic, misfiring on most if not all cylinders, about what might have *happened* if the post-Pearl Harbour threat of a Japanese invasion of California had come true. Might not a Jap submarine, helmed by Toshiro Mifune, have popped up like the Loch Ness monster from the Pacific sea? Might not a dotty general, in the likeness of Robert Stack, h ave tried to set up barricades and anti-aircraft guns on Hollywood Boulevard? Might not a blotto Biggles (John Belushi) have roared his fighter-plane, complete with Jaws-teeth-design cockpit, over the rakin glight of L.A.? Might not cliff-top householders Ned Beatty and Lorraine Gray, attempting to howitzer the menacing sub out of the sea, have destroyed their own handsome clapboard villa in the process? Might not . . . and so on.

*1941* is a Pelion of knockabout comedy piled on an Ossa of historical hypothesis, and woe betide the movie audience gazing up wonderingly from the foothills of the £1.90s when this overpiled structure starts to avalanche down on them. Spielberg's overkill extravaganza has already bombed, all-too-metaphorically, in America, sending its 30-million-dollar-plus budget in splinters to the bottom of the sea, and one can see why audiences have stayed away in numbers from a movie whose fail-safe precursors — on sharks and spaceships — would see mto have made Spielberg a cast-iron bet at the box-office. There's too much frantic application of the feather-duster to the funny-bone, and too much Loony Tunes hit-and-run violence which doesn't seem so funny when transposed from cartoon coyotes to real-life human beings.

But one can also see that there's a misdirected genius at work here. The movie keeps flirting with brilliance, and *perhaps only a director unafraid* to burst a creative blood-vessel Base Camp 1 of catchy whimsy could have charged on from to heights of de-oxygenised hyperbole.

You ought to see *1941* for the first ten minutes and the last, and for a few bits-and-pieces in between. For this film is the apotheosis of the Exploding-Toyshop movie. The genre that burgeoned during the 70s with *Jaws* and *Star Wars*—and even *Apocalypse Now*—has at the turn-of-the-decade reached the end of its tether, or more hopefully the beginning of a new one twitching in a different, subtler direction. *1941* has the sense to realise its absurdist millennial context, and Spielberg deploys a sly revolutionary zeal in *making Hollywood itself the* target for destruction. The director who constantly salaamed to Moviedom's golden age in earlier films—with the 50s-style Sci-Fi studio exteriors of *Close Encounters*, the classic suspense cutting of *Jaws*—has catharised his love-hate in an explosion of movie violence.

Two sequences touch greatness. The opening scene, eerie and mist-wrapped in William Fraker's photography, is a lovely, perfect joke at the expense of *Jaws*, with a girl swimmer braving icy temperatures for an early morning dip only to find herself rudely levitated form the sea by the periscope of the Jap Sub. Squence two is the climactic demolution by shelling of the Ocean Park Amusements Ground, complete with runaway ferris-wheel, crumbling pier and fabulous miniature-work by Spielberg's crew.

*But what comes between is a* high price to pay: long scenes of thick-eared and nerve-numbing knockabout based on the deluded premise that if you repeat a joke or a piece of slapstick often enough the audience has to laugh. Iit' wearisome, windy and witless; bearable only for the thought that if Spielberg can get this multiphonic mayhem out of his system in one fell movie, he may soon return to makin ggood films.

★

*Quo Vadis*, Wenders? *Eheu fugace!*, Fassbinder. Whither has fled the heyday of Herzog? The renaissance of the German cinema, applauded the world over in recent years, has thinned away quite alarmingly of late. Reinhard Hauff's *Knife In The Head* is a typical speciment of th eB-team BDR offerings now promoted to first rank thanks to the dwindling productivity of the above-mentioned. Die-hard with *realismus* and creaking with knee-jerking radicalism, it spearheaded last year's New German offerings at the Berlin Festival and it arrives this week at the Paris-Pullman.

Just as the Devil gets all the best arguments, the dullards in cinema often get all the best story-ideas. The notion behind Peter Schneider's screenplay is so piquant that one longs for a less lumpen aristry than Hauff's to direct it. *A middle-aged* doctor — Bruno Ganz of *The American Friend* — is shot in the head during a police raid on a Youth Centre, and hospitalisation soon reveals that he has grave but curable brain damage. The bullet was a policeman's but the police decide to profit from Ganz's temporary gagness by encouraging the media to depict him as a terrorist-sympathiser and by trying to coax from him a statement that he made the first offensive. Ganz, however, stoically stalls; and meanwhile his wife (Angela Winkler) and her revolutionary boyfriend shin around the city decrying police corruption and trying to hasten Ganz's mental recovery.

There are fascinating threads: the unfaithful wife's warring loyalties between husband and lover, the suspicions of Hamlet-like pretence in Ganz's prolonged incoherence. But Hanff's staging is so intransigently dull in its TV - problem - play naturalism that one cries out for the spice, wit and *rubato* that a Fassbinder might have brought to the story. A parable *policier* full of possibilities becomes a puffing plod through the modish German terrain of conspiracy-theory politics. Not *so much a film noir as* a film *pasty-grey*, raised to fitful dis*tinction* by Ganz's ruefully tragicomic performance.

Can Jenny Agutter forget her cool-bloded English fiiance and find true happiness with dashing American ladykiller Sam Waterston? Said fiance has just jetted over to the States, with rather vague plans for his betrothed to join him later, and Jenny rebounds from lukewarm *adieux* at Heathrow into the hot arms of Mr. Waterston, a sort of freelance Don Juan operating in the north-west London area. He showers her with flattery, adoration and pregnancy, and then leaves her. And then comes back. And then leaves her. And then . . . etc. Clearly he's an impermanent cove, what with his broad smile and bicycle clips. What is poor Jenny to think, say and/or do?

★

Soap-operas come in varying shapes, sizes and degrees of lathery insubstantiality, and *Swet William* is a prize chunk of instantly evaporating froth from the production stable of Don Boyd (of *Scum* and, soon, *The Tempest*). Are the cupboards of British creativity so bare that such thin-to-invisible toshery, based on a novel by Beryl Bainbridge, is the best that can be hung around the superb native talents of Miss Agutter and the visiting lustre of Mr. Waterston? Both act their hearts out as director Claude Whatham steers the story from cliche to cliche, all shot on location as if to lend a hopeful authenticity. But so shackled are the shenanigans to novelettish formula—of the Vapory - Virgin - Meets - Lovable Cad variety—that fresh air and four-walled rooms are no substitute for fresh ideas and four-sided characters.

★

*The Last Married Couple in America* are Natalie Wood and George Segal, and can they keep their wedding rings while all around lose theirs in that great American stampede, divorce? They can, but only under heavy prossure from the hectoring repetitions of John Herman Shaner's script and Gilbert Cates's direction. Richard Benjamin steals all his scenes, with cat-burglar eyes and manic gestures, as an anxious divorcé *friend: and Dom De Luise* passes porkily through as a plump porno star. The rest isn't, but should be, silence.

★

Better to treat yourself to *Grey Gardens* at the Minema: the strange, strange story of the Bouviers, *mère et fillé*, living in highly eccentric squalor in a Long Island Mansion. Kith and kin of an erstwhile American First Lady — Jackie Kennedy, née Bouvier — they tell their stories, sing their songs and are *toujours gai* at 79 and 56 respectively. Directed by the Maysles Brothers, and riveting viewing.

Lorraine Gary in '1941'

**Festival Hall**

## St. Florian Symphony

Alfred Schnittke is a Soviet composer in his forties, a contemporary of Edison Denisov. His mother was a Volga-German, his father wrote for a German-language Russian newspaper in Vienna, where Schnittke started his musical education. However, the experience which led to his Second Symphony, named "St. Florian," came later, when with two Russian colleagues he paid a visit to the great Austrian monastery which Bruckner knew and loved and where he is buried.

Schnittke and his friends arrived at evening, when the *church was dark and empty*. In the distance a small choir could be heard, but not seen, singing Mass. My own first impressions, on a peaceful, sunny afternoon, escaping from the cosmopolitan merry-go-round of the Salzburg Festival, were quite different but equally strong. No one with any feling for the spirit of place *(or for the music of Bruckner)* could be indifferent to St. Florian. Schnittke's visit in due course led to this symphony, a BBC commission performed for the first time on Wednesday night by the corporation's symphony orchestra under Rozhdestvensky.

Also involved were the BBC *Singers* and Symphony Chorus with Stephen Cleobury as assistant conductor, for the Symphony is at the same time a Mass. Each of the six movements begins with voices, usually more or less alone, with a second part in which the orchestra takes over.

In the final Agnus Dei the voices erturn at the close. The voice parts are based on plainsong.

The result is strangely grey and static, the textures piling up so thickly that the exotics hardly register except as a gesture. There is plenty of regular metre but a paucity of rhythmic *interest or variety and* a superfluity of trudging triple time. The third movement (Credo) and the fifth (Sanctus, the nearest to conventional symphonic style) felt terribly long. There were spatial effects, a semi-chorus on the orchestra platform and four soloists from it dotted among the players (except for the counter-tenor, Paul Esswood, they were not easy to hear).

At the end, in the Agnus, the score came into focus and the music seemed to find a definite voice—the result was still grey but something personal, like a Lenten, sackcloth version of "In *paradisum*" in Faure's Requiem, was communicated. The symfphony should be worth another try in a building more suitable for such a score—the Albert Hall, St. John's, or a cathedral. The Festival Hall robbed Bruckner's E minor Mass after the interval of much of its usual tremendous impact, but it would take a much worse hall than this to quench that impact altogether—no lack of rhythmic vigour and variety, nothing tentative in that wonderful work.

**RONALD CRICHTON**

## Mobil award

David Nicholson, 26, of Norwich School of Art, is the overall winner of the Mobil energy conservation poster competition. The contest, which produced national winners in eight European countries, is part of Mobil's campaign to emphasise the need for energy conservation

**Royal Shakespeare Theatre**

## Romeo and Juliet

Ron Daniels, the director of this year's *Romeo and Juliet*, seems to me to have got it so right in principle that I gladly forgive him what seem to me errors in detail. His Romeo is about 17 years old, a spoilt boy who apes the manners of the yobs while taking advantage of his birth and money. Anton Lesser plays him admirably, as *shrill and restless as the punk* his costume declares him. They're all the same, these rich Verona layabouts, except Allan Hendrick's Benvolio, who plays the rougher passages with a mute on, and is always the first to lead the way back to bourbeois correctness.

Tybalt, leading the other gang, has the evil aspect of a Hell's Angel; I can make no complaint against Chris Hunter's playing except that he doesn't seem any better a fighter than Romeo or the sarodnic Mercutio of Jonathan Hyde (who does the Queen Mab bit beautifully). I felt more strongly than usual that the *improbable* events of the play, or anyway of its first four acts, grew genuinely out of the characters of these young people.

The atmosphere is consistent all through. Nadine Baylis's costumes suggest a cross between the Palio and the Cup Final, and Stephen Oliver's music has about it a feeling of old mainstream jazz. (There is a swinging funeral ode, to words by a rival poet, for Juliet's funeral.)

Juliet is hard to fit into such a framework, for the curious glamour that surrounds boy punks doesn't work at all for girl punks, and however outrageous her behaviour may be, Juliet must remain a well-bred little girl. She has not, as the *boys have, the freedom* to wander unescorted about the streets, and her manners are household manners. Judy Buxton does her very well. She makes her a quite inexperienced child, despite her marriageable age of 13; when Romeo volunteers to disclaim his birth while she is soliloquizing on the balcony, she gives an alarmed "*Ooh!*" before she speaks to him.

Brenda Bruce gives a gorgeous Nurse, younger and brisker than that character is generally played, and capable of holding her own, armed with a lethal fan, against the Montague spivs.

I'm bound to say that Ralph Koltai's hideous scenery does what it can to ruin the whole business; the costumes are realistic, even if they are periodless, and ugly ramparts of what looks like torn carboard seem as out of place as a flying saucer. But Mr. Daniels places his characters around them neatly and subtly, with occasional shafts of unexpected humour, as when attention is momentarily deflected from the Nurse's conflict with the Montagues to her man Peter playing at walking a high-wire.

I thought the antics at the Capulet's ball were too stylised; David Toguri's choreography produces a cabaret rather than a party, though it's very pretty.

On the whole, I enjoyed this *Romeo and Juliet* better than any I've seen for quite a long time.

**B. A. YOUNG**

**Wigmore Hall**

## Elena Obraztsova

The leading Russian mezzo-soprano of the day gave on Wednesday night her first London recital. The voice was, at its best, quite as individual, tangy, and exciting as one remembered it to be—darkly vibrant, the sometimes firce metallic edge tempered by the confidence with which Miss Obraztsova allows the notes to sail out into the hall, an instrument capable also of sensuous soft shadings. In the second half, in Chaikovsky and Rakhmaninov and also in the clutch of operatic arias chosen as encores, the voice was at its *best*: "*Voi lo sapete*" and "Acerba volutta" (from Adriana Lecouvreur) brought a proud, ringing Santuzza and an alarmingly sensual Princess de Bouillon into the unlikely surroundings of the Wigmore Hall.

Even here, however, the artistry was not unfailingly as interesting as the vocal quality would lead one to expect; and earlier, in the Schumann *Frauenliebe und leben* cycle, it had been sufficiently unformed in its conception of Lieder singing for lapses in that vocal quality to become apparent. In music of which Miss Obraztsova has a natural command, the sheer *elan* of the voice simply forbids one to notice lapses in legato and intonation, the notes jutting out of the line, the passing vagueness of verbal utterance. Schumann's songs were evidently not that music; nor, despite the greater appropriateness of the vocal timbre to the composer, were the Falla Seven Spanish Folk Songs — *the composer surely counted on* a steadier, more controlled vocal line in preference to uncertain approximations of Iberian temperament.

But there were many beautiful things in the Russian group—perhaps in her next recital here Miss Obraztsova will chance larger amounts in her native tongue? In Chaikovsky's "At the Ball," the evocation of atmosphere was perhaps less subtly achieved than records of old Russian singe rshave taught one to want; in Rakhmaninov's "At my window" and "What happiness . . ." two outpourings of happiness, the full tone tended to hector rather than ingratiate. Wholly admirable was a lamenting eloquence in the sad songs of the group—Rackhmaninov's "A Letter" was striking for both the darkness of the low register (a quality notably abused in Falla) and the reserved but teling platique in which the singer acted out its "plot."

The pianist was Vazha Chachava, a young Russian of evident enthusiasm spoiled by a sometimes painful lack of discipline; Falla's "Polo" was pounded in a way that would ill suit Varese, and in some of the Rakhmaninov postludes rapturous effusion became no more than a stinging blur.

**MAX LOPPERT**

**Thorndike, Leatherhead**

## The Enemy Within

*The curtain rises on a hand*some library. The house in Regent's Park is invaded by relatives returning from the funeral of the dynastic head of the family. There is his sister (Margery Mason), an old-fashioned Communist who went to Spain, knew Lorca and wears red stockings; her lover of 40 years (George Pravda) who runs a little rationalist socialist publication, declares at one point that property is theft, and wears a red *tie*, John Woodnutt, who looks at least as old as Miss Mason, plays her son who works in the Treasury and is obviously not worth listening to as he *thinks* the Regent's Park mosque resembles, or at least reminds him of, Brighton Pavilion, and Mr. Woodnutt's wife, together with their three children. The outsider is Tom (Gerard Murphy) who arrives from a Wandsworth commune to pour scorn on the gathering *only to return later on* and accuse Mr. Woodnutt of absorbing anarchic dissidents into the capitalist grand plan.

Tom is the son of a bastard and therefore tetchy. The three *bona fide* children are a willowy Oxford don given to recherche Taoist studies and visions of blessedness in the High; a go-getting spiv cashing in on the Arabs and punks; and an anorexic girl, Nancy, who is "converted" by Tom and disappears with him at the interval.

There is the will to discuss, the problem of who is to live in the house. The author, Julian Mitchell, has dealt with a family and its fortune before, in adapting Ivy Compton-Burnett. On that occasion he had language of baroque elegance to shuffle around. On his own, Mr. Mitchell pummels us with lukewarm aphorisms that come thudding into the auditorium from all directions.

If the evening strikes one as Dodie Smith with "state of the nation" pretensions, the predominant aroma it gives off is one of reactionary smugness. The young are there to be shot down in a barrage of coy quippery, while the old have benefited not at all from experience. Miss Mason pelts the gathering with the old boy's snuff-boxes, "fascist gewgaws" she calls them, but stays on nonetheless, communicating with the maid by telephone.

No character is drawn with any conviction or, it seems to me, knowledge of the type portrayed, and Mark Cullingham's desperately feeble production abandons his actors to stand around hopelessly waiting for their next speech to come round. It all adds up to a trivial, vaguely repulsive evening in which cleverness of phrase proves a poor substitute for genuine passion and theatrical craft.

**MICHAEL COVENEY**

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# The Saudis displeasure

THE SAUDI request for the with drawal of Mr. James Craig, Britain's ambassador to Saudi Arabia, was as modest a reaction as could have been expected to the showing by ATV of the film *Death of a Princess*. The Saudis have always been amongst the most sensitive of third world countries to western comment that offends national or religious pride. The film touched raw nerves of Moslem morality, of the way of life of members of the Royal Family which effectively rules the kingdom and of the image of Saudi Arabia abroad.

The film would have been deeply offensive to King Khaled and the older generation of Saudi princes. Almost at any time there would have been resentment at such an attempt to pry into the secrets of so closed a society. Coming so shortly after the attack on the Grand Mosque at Mecca which badly shook the confidence of the Government in the stability of the regime, there is bound to be apprehension at the domestic repercussions of such a portrayal of Saudi life could have. The makers of the film brought additional criticism on themselves by the self-indulgent style in which the inquiry was presented.

### *Warning*

The request that Mr. Craig should leave the country is probably intended mainly as a warning to other countries against showing the film. It was not officially an expulsion and it probably fell far short of the tougher measures that some of the more conservative members of the Royal Family might have advocated. As yet there is little sign that the Saudis will carry their indignation to the point of discriminating against British exports. Those in the leadership more familiar with the West are likely to have counselled that such retaliation would serve little point. The Saudi Government can already take comfort that the publicity given their gesture has conveyed to other western governments their sense of outrage. It will also have been of use in demonstrating to both domestic and Moslem opinion that they are prepared for tough actions in defence of the regime.

Though it would thus seem that the younger Saudi leaders have moderated the angry reaction of their elders, the incident has indubitably produced strains in Anglo-Saudi relations.

King Khaled is unlikely to visit Britain in the summer and the visit to Saudi Arabia next week of Mr. Francis Pym, the Secretary for Defence has been cancelled.

### *Interference*

Lord Carrington did what he could to mend fences by his personal message to the Saudi Government—though too abject an apology would rightly offend British sensibilities. There can clearly be no bending of the rule that British news and television organisations must remain free of government interference in what they present. This is an issue that only surfaces seriously in the case of protests at coveringe of countries with which Britain has extensive trade contacts.

The Foreign Office attempted in the days prior to the downfall of the Shah to get the BBC to be more circumspect in its coverage of events in Iran on the grounds of the potential damage to British exports. In the event the Foreign Office should have been doing more themselves to warn of the fragility of the Shah's regime and of the risks for British contractors. Instead the alarm bells were sounded by news organisations includin gthe BBC.

### *Judgement*

There can be no firm guidelines on presenting events in the thord world in a way that does not unnecessarily offend the sensitivities of local regimes. Attempts to work out such a code through, for instance, the auspices of international bodies like UNESCO end up bl distorting the truth or making reporting as dul las it is in the Communist controlled press.

In the last resort judgement must remain with the individual organisation. *Death of a Princess* is open to criticism. But that is not a reason for suppressing it.

# New start for nuclear power

THE GOVERNMENT has found a new man to lead Britain's nuclear industry into a period it confidently expects to be one of unprecedented growth. Mr. Denis Rooney, vice-chairman of BICC, whose reputation rests solidly on his management of a major international civil engineering and construction company, becomes full-time chairman of the National Nuclear Corporation in July.

### *Frustrations*

He will replace Lord Aldington of GEC, the present part-time chairman, who for seven years has wrestled with the frustrations of a nuclear reactor programme which stubbornly refused to grow at all. But Lord Aldington must take credit for perceiving, more than two years ago, that this might be the kind of experience the Government needed to add to the Board of its nuclear company.

Mr. Rooney will take command of a situation significantly different from that which existed in 1974, when the Government set up its "single strong unit" to design and make nuclear reactors. Although the Government expected, in the wake of a quadrupling of the oil price, to be needing more nuclear power, it under-estimated the impact of the recession which followed. This, together with its own efforts to curb energy wastage, especially in industry, has succeeded in decressing the growth of electricity.

But after nearly a decade of no new nuclear orders, the Government has confirmed plans of the electricity industry to order another 2,600 MW of nuclear power this year. Even before this was confirmed last week, the electricity supply industry was already placing substantial contracts for major items with long lead times, such as the graphite moderator, the gas-coolant blowers and large steel fabrications. Together these orders were worth well over £100m; this suggests that there was never much doubt in the minds of electricity industry executives that the advanced gas-cooled reactors (AGRs) would go ahead.

### *Structure*

The Government has some justification at this stage for claiming that its nuclear programme—based as it upon the proposals of the Central Electricity Generating Board in 1977, and accepted by Mr Callaghan's Cabinet—is at last under way. The National Nclear Corporation has a new chairman and new orders, and plans are afoot to change its structure and shed the supervisory management contract exercised by GEC. The electricity supply industry has also issued at last the letter of intent for a third nuclear station from the company, based on the American pressurised water reactor.

The Government has persuaded Dr Ned Frankin, chief executive of the Nuclear Power Company, operating arm of the corporation under its present cumbersome structure, to stay and work with the new chairman. Where as recently as a year or two ago Dr Frankin was taking much of the blame for the problems of the nuclear contractor, his contribution to solving the inherent problems of the still unfinished AGR stations is now better appreciated.

No-one need doubt that the challenges ahead for the new chairman and his chief executive are daunting. They still have to complete, in the period 1981-83, two more "prototype" designs of AGR, having relatively little in common with each other or with those already on-line. They have the new AGR stations to start, modified from the design operating at Hinkley and Hunterston. They have the first British PWR to design and navigate through a public inquiry, as precursor for what the government plans will be a steadily expanding nuclear programme in the late 1980s and 1990s. They may well soon be asked to turn successful discussions with their French opposites on the design and construction of fast breeder reactors into full-scale negotiations.

### *World league*

Since its last reorganisation into a "single strong unit" the industry has been confounded by lack of orders, by arguments over reactor choice, and by the difficulties of making a complex management structure work. The Government has now resolved the first two problems and is tackling the third. Now it is up to the new management team. After the troubles of the last five years, the company must move all the faster in the first half of the Eighties to regain a place in the world league of makers of nuclear reactors.

AN ANALYSIS BY OUR FOREIGN AFFAIRS EDITOR

# The White House in disarray

NOW THAT the European countries have gone at least part of the way to match President Carter's policy of sanctions against Iran, there will be a short breathing space in which Europe and America can try to mend the fences between them, and with luck work out some way of improving the co-ordination of their tactics in future.

Unfortunately, we do not really know whether the Americans see the problem as one of co-ordination and prior agreement, or whether they see it more crudely as a test case of the readiness of the Europeans to prove their loyalty to the Atlantic alliance.

No European government puts much faith in the sanctions policy as a method of procuring the release of the hostages in the American Embassy in Tehran. They have only gone along with the plan—and then only in slow motion—because they fear that the Americans, if left to go down this road alone, may do something unpredictable and much more dangerous.

The trouble is that the rationale for the European acquiescence in thet sanctions strategy may come unstuck, not merely in that it may well fail to unlock the hostages, but in that it may also fail to prevent the Americans from doing something worse.

## Warning to allies

Even as we sit here, the Americans are busily beefing up their military capability in the region of the Gulf and the Indian Ocean. They have warned their NATO allies that they may remove units from Europe in unspecified circumstances. They have concluded military basing arrangements with Oman and Kenya (though not with Somalia, because the price asked by the Somalis—$2bn—seemed too high). And references to the possibility of military intervention make repeated appearances in official statements coming out of Washington.

Naturally, if President Carter wants it to be believed that he could, if driven to it, take some form of military action, he must make preparations, and such preparations take time. I find it very difficult to imagine any useful purpose served by resort to military action, except in circumstances in which the fate of the hostages had become peripheral to other, much larger interests of the United States and of the West generally.

If the military experts in the Pentagon do not have plausible plans for doing something effective about the hostages without starting World War III, then the sabre-rattling may be just sabre rattling, designed to impress the American electorate, to overawe the Iranians, to blackmail the Europeans and to warn the Russians. But if the Pentagon does have plausible plans, and if trade sanctions fail to work, it may be able to persuade President Carter, as election day approaches, to take the first steps down the military road.

What worries me is the possibility that the Americans may not know at all clearly what they are doing and why, or in what circumstances they would start to do something different; that the policy of trade sanctions and the preparations for something in the military line may correspond more with the pursuit of activity for activity's sake than with any coherent planning; and that in the hubbub of government by press conference and television interview they may have difficulty in hearing themselves think.

It would be easy to sympathise if this were the case. The hostages are at four removes from any potential negotiation, behind the militants, behind Ayatollah Khomeini, behind President Bani Sadr, and it is hard to be sure what any of them could deliver, or what they would want in exchange, apart from the return of the Shah who is no longer available. It is bad enough for the American electorate to believe that the U.S. is unable to match or counter the military might of the Soviet Union; it is almost unthinkable that an American President should admit that the U.S. may not have any effective answer to the terrorist tactics of a group of revolutionaries in Iran. Ergo, America must be able to do something, and in due course may do it, whatever it may be.

Put it another way. The most sensible rationale for America's military preparations *in the context of the hostages* would be that the U.S. Administration was primarily concerned to frighten and thus blackmail the European countries into going along with a measured and controllable policy, which would satisfy the supposed appetite of the American electorate for governmental activity; but that there is no intention, as things now stand, of having any resort to the inflammatory use of force.

As a commentary on the American view of the alliance, this would be deplorable, but it might be shrewd. Whether Mr. Zbigniew Brzezinski is shrewd to boast out loud that this is the rationale is another question, but he is, after all, only one of a multiplicity of voices. But what if the Americans were not being so consciously machiavellian? When President Carter says that the resort to military methods has not been ruled out, what if he means just that, but yet means nothing in particular?

Of course, it is naive to assume that the context of the hostages can be isolated in a watertight box, especially in America: there are also the questions of oil, of the possibility of Iran's Shi'a revolution spreading elsewhere in the Gulf, and of the Soviet invasion of Afghanistan. Obviously, two or more of these problems could interlock, with potentially disastrous consequences. But they are not the same problem; yet sometimes I get the impression, when watching President Carter on the television, that he is not sure whether he is talking about Iran or Afghanistan.

It is all very well for the Americans to demand a European contribution as tribute to America's role as the leader and protector of the alliance. But do they know what they are about? Once the tribute had been demanded and the blackmail exerted, it was right and sensible for the Europeans to go along in their footdragging way, "for fear of finding something worse." But the time has now come for the Europeans to try to find out if the Americans do know what they are about, and to draw the appropriate conclusions — which could be far-reaching.

## Inside story claim

These gloomy thoughts are partl yprompted by an artigle on "Carter and the Fall of the Shah," published in the most recent issue of the Washington Quarterly. The authors give what they claim to be the inside story of what went on in Washington during the tumultuous months which culminated in the exile of the Shah a little over a year ago, and his replacement by the Ayatollah Khomeini. I do not know that their version is a full and fair account; the State Department comes out of it fairly well, and Mr. Brzezinski, the National Security adviser at the White House, comes out of it pretty badly, so I assume that much of the information comes from State. This is curious because the authors' perspective is rather right-wing, and much concerned with the exercise of American power in the outside world. Even so, their account carries the ghastly ring of truth.

The first point that emerges is that Mr. Brzezinski engaged in the same manoeuvres to isolate and silence the State Department as his predecessor Henry Kissinger had engaged in at the White House, with the same success for himself personally and the same disastrous consequences for American foreign policy. It would appear that Mr. William Sullivan, the U.S. ambassador in Tehran, grasped that the Shah's position had become untenable long before this view was acceptable in the White House, and it was accordingly ignored. What Mr. Sullivan did not appreciate was the strength of Khomeini's appeal, and he put his faith in the notion of a reformist civilian government backed by the military.

Brzezinski, by contrast, appears to have gone on believing that the Shah could be saved and, indeed, that he was the only person with sufficient authority in Iran to restore law and order, long after the situation had become entirely hopeless. But one of the reasons why the Shah's position became entirely hopeless was that the White House did not know what it wanted, had not decided what it would do to get it, if anything, and consequently spoke with a multiplicity of forked tongues.

On the one hand, there was President Carter, who was concerned with human rights in Iran and anxious that the Shah should move towards a more pluralist democracy, not only because he thought this was right in itself, but also because be hoped it would take the political cauldron off the boil. On the other hand, there was Mr. Brzezinski, who hoped that the Shah would restore law and order, by using the military to crack down on the strikers and demonstrators.

The unfortunate Shah can only have been confused by these signals, and there was no more clarity when Washington sent Air Force General Robert Huyser from his post in Stuttgart on a special mission to Iran. It would appear that Mr. Brzezinski wanted the Shah to know that Washington was firmly behind him; wanted the civilian prime minister to know that Washington was firmly behind him; wanted the generals to know that Washington was firmly behind them; but that President Carter would not like it if there were a military coup.

Privately the Shah was hoping that the Americans would save him, or at least give as to what would be acceptable in Washington; privately Mr. Brzezinski was hoping that the Shah would save himself by resorting to what the authors refer to, repeatedly as "the iron fist."

## Incoherent policy

It is hardly surprising, then, that General Huyser failed to do or say anything useful in Iran; what is surprising is that anybody in Washington should have supposed that they had a strategy for controlling the situation in Iran, or that they had anything to offer the Shah except asylum.

If the authors of the Washington Quarterly give even an approximate account of the incoherence of the thought-processes in Washington, one can only be alarmed. How does a civilian prime minister who has been in office for a matter of weeks, and who lacks all authority and all credibility except by virtue of the Shah and the military, carry out a policy of the iron fist in a country on the rampage in order to hold elections, when he comes in on the heels of a military government which has failed to employ, let alone impose, the iron fist? How do generals crack down when the civilian government is trying to exercise civilian-type government, and they are told by Washington that they must not take control by a coup?

The conclusions of the authors of the article are that the Carter administration was feeble, and that it could have, and should have, saved the Shah. "If the Americans would not act in the Iranian crisis, under what circumstances could they be expected to move? If the Carter administration did not judge Iran to be a vital interest of the U.S., what ally could consider itself truly supported by American expressions of loyalty?"

## Vital interest dilemma

My own conclusions are rather different. I can sympathise with Americans who feel that America's enormous wealth, its immense military power, and its moral position as defender of the free world, confer rights and obligations which are not shared by other countries. But I cannot understand how Americans in authority can think and talk nonsense, and how they can pursue policies which are riddled with self-defeating contradictions. I do not pretend to know whether the Shah could or could not have been saved. He certainly could not have been saved by listening to the babel coming out of Washington.

The European governments have a little time left to find out whether the American administration is capable of talking sense, and of treating the Atlantic alliance as an alliance of sensible governments. Shortly before the May 17 deadline for the European trade sanctions against Iran there will be a NATO meeting attended by foreign as well as by defence ministers, but that will be too late to start a serious process of consultation and prior agreement. If the French, German and British governments have any sense of the danger that the situation could run away with us all, they will settle the tiresome problem of national contributions to the Common Market budget with the utmost speed, at today's Community summit, and concentrate instead on the really serious problems.

**Ian Davidson**

# MEN AND MATTERS

## Top of the atomic pile

"Fortunately," Denis Rooney tells me, "there should be work enough for everyone." Taking over in July as chairman of the National Nuclear Corporation, he presumably does not exclude himself. In fact he was referring to the delicate task of tending the interests of his shareholders — the Atomic Energy Authority, GEC and a string of other equipment suppliers — who have in the past tended to rub one another up the wrong way. But within the NNC proper his skills and temperament will be tested as he attmpts to rebuild what has become a rather demoralised organisation, plagued by lack of orders and uncertainty about management.

He certainly has a reputation for stability, built up during 33 years with BICC. Since he started after the war as an engineer electrifying the Liverpool Street to Shenfield railway line, his biggest achievement has been to build Balfour Beatty, the BICC subsidiary, into a majo rinternational contractor. The most outstanding memorial to his dedication will be the Jebel Ali harbour in Dubai which is now almost complete.

Never one to put up with too much interference from BICC head office, the 60-year-old Rooney tells me he is not expecting any from his new masters in the Government — except on the basic issue of reactor choice.

It would be comforting to think that he could repeat his Balfour Beatty performance and re-establish the British nuclear industry overseas. But for the time being he will have quite enough on his plate sorting out the NNC organisation and coping with an unaccustomed flow of domestic business as Britain re-enters th enuclear age.

## All aboard

As Rooney prepares to move, and Mrs. Thatcher strikes the NNC from her top job vacancies list, she and her Ministers must now face up to the pressing problem of finding someone to take over the chair at BNOC.

Ronnie Utiger, chairman of British Aluminium, has been temping at Stornoway House since last autumn. But now, I fear, he has informed HMG that he is not prepared to stretch his agreement belond the six-to-eight months he signed up for. "I will go on to the middle of the year and then I am definitely pulling out,' he observed this year.

For all the difficulty of finding a captain to steer the Government's industrial flagship, BNOC has been doing nicely filling its wardroom. It recently recruited Malcolm Ford from Shell as director responsible for exploration and production, and yesterday it took on board a personal director. He is Alan Ramsden, in charge of manufacturing operations at General Motors Scotland.

## Invisible man

Notice in the office of a Basingstoke factory: "Staff are reminded that the personnel manager cannot be seen on Tuesdays."

## Pickard shuffles

Michael Pickard, chairman of Grattan Warehouses, once the doyen of mail order companies, must be wondering if the early 1980s are going to be as personally traumatic as the seventies.

Pickard arrived at Grattan in 1977 still bearing the scars of his mammoth battle at Trust Houses Forte after the merger with Charles Forte's company, plus the burden he took on in the athermath of the Wilfred Harvey scandal at the British Printing Corporation. Among his first moves were the induction of two outside directors to beef up the somewhat staid board. Yesterday came news of a much more sweeping shuffle.

Out go finance director Michael Watson and company secretary Kenneth Gray. Donall Cunningham, formerly in charge of buying, retreats to the post of non-executive director and is replaced by his deputy Alan Andrews.

The moves follow a four-month study by company doctor McKinsey, which isolated a number of unhealthy signs, mostly in the body financial. The central problem is the high cost of computerising sales offices and warehouses. As Pickard admitted yesterday: "We did not have the resources to do everything we wanted at once."

While sales should be computerised by the end of 1981, modernising the warehousing will not now start until 1982. Just how strained the company may become in the meantime is anyone's guess. Last autumn Grattan had talks with virtually everyone in the mail order business, covering every option from mergers to joint ventures.

"Unfortunately," Pickard said, "no one put a firm proposal on the table or came up with any realistic joint venture schemes." And all talks are off.


"I think he's after Sir Charles Villiers' job."

## Feeling the pinch

Hamburg has a wonderful system of mass transportation. But getting to the Hanseatic city by air is a little more difficult, and has proved somewhat taxing to some members of the global financial community attending this wek's IMF-World Bank meetings.

No problem for the IMF staff. They flew first class, regardless of rank, and even the lowliest secretary is getting the same daily expense allowance as the top dogs.

The U.S. delegation, however, is the victim of true parsimony. It is not even allowe dthe luxury of that in-between transatlantic class—Clipper on Pan Am or Club on British Airways. Thus, on an overnight flight from Washington this week could be seen all jammed together in cattle class: G. William Miller, the Treasury Secretary, Paul Volcker, Federal Reserve Bank chairman, aides and assorted secret service heavies.

Miller, I hear, did not mind the crush. Inclined to the spartan in any case, it used to be said that when runing Textron, he was as likely to take a Greyhound bus to get from place to place as a company limousine. But the real sufferer was Paul Volcker—his 6ft 7in frame curled uncomfortably into a seat built for a Romanian lady gymnast and, even worse, his ever-present cigar clamped miserably unlit in his teeth. Pan Am is one of those socially aware airlines which bans anything other than cigarettes.

## Bang on

"My husband swears his Jaguar is the easiest thing in the world to handle, but when it comes to parking I back my Mini against any car."

**Observer**

# . . . whatever may be said in Washington, it is simply not true that the country as a whole is talking about the fate of the hostages in Iran, or anything to do with foreign policy. The country is talking about prices, mortgages and interest rates . . .

AMERICAN politics is depressing: the key issue is inflation, but the political leaders are seracely responding beyond using slogans.

Whatever may be said in Washington, it is simply not true that the country as a whole is talking about the fate of the hostages in Iran, or anything to do with foreign policy. The country is talking about prices, mortgages and interest rates.

At the deeper level there is something else. The onset of inflation has led to questioning of whether the American political system can cope with a sustained economic crisis. It is not uncommon to hear suggestions that the U.S. may have to go through a period of severe social unrest before returning to the pursuit of the American dream. That is to put it mildly; some serious observers are even talking about a period of demagogic rule and the threat of fascism.

Lest those reports sound unduly alarmist, it should be said that they are based on conversations with corporate executives, trade unionists, academics, and countless others, most of whom are democrats with a large and small d. It was Mr. Terry Sanford, the President of Duke University in North Carolina, and sometimes known as the last of the liberals, who spoke of the possibility of "demagogic dictatorship."

As it happens, their observations do not entirely accord with the America that one sees. It is calm, civilised and going about its business while appearing to deal with its racial problems considerably better than Britain. It is very difficult to imagine that anything very dramatic will happen that will affect the whole country. Almost everything is regional. In New York two weeks ago, people were talking about the public transport strike, and congratulating themselves on the way they stood up to it. In Pittsburgh last week they were talking about the steel settlement and the way a major industrial conflict had been averted by agreement between the employers and the steel unions.

In Philadelphia, which is in the same state as Pitssburgh, the steel negotiations had scarcely bee nnoticed. Instead, the talk was of reversing the decline of the inner city. In North Carolina, where I am now and where there was never much heavy industry to start with, people take pride in joining the sun-belt of the newly prosperous American States and sharing in the technological revolution of micro-electronics.

## Common thread

The common thread is inflation, and the competition for limited investment. In Pennsylvania, North Carolina is viewed with some bitterness as a poor State on the way up. And one which is said to be taking advantage of the fact that it is relatively non-unionised. No less than 28 States now have offices in Europe, competing for what is known as reverse investment, that is European investment in the U.S. Attracting a British merchant bank to Philadelphia is regarded as a major triumph by the local authorities. Anyone wanting to set up a manufacturing plant in Pennsylvania would probably find that the entire infrastructure would be provided by the State at its own expense as the example of Volkswagen has shown. Volkswagen of America is the only car company in the country to be steadily increasing its production. What is lacking is any sense of central direction. The States compete with each other but no one leads. No one indeed seems to take an overall view of the American economy, and where it is going. And the most surprising fact of all is the failure of the politicians to realise what is happening.

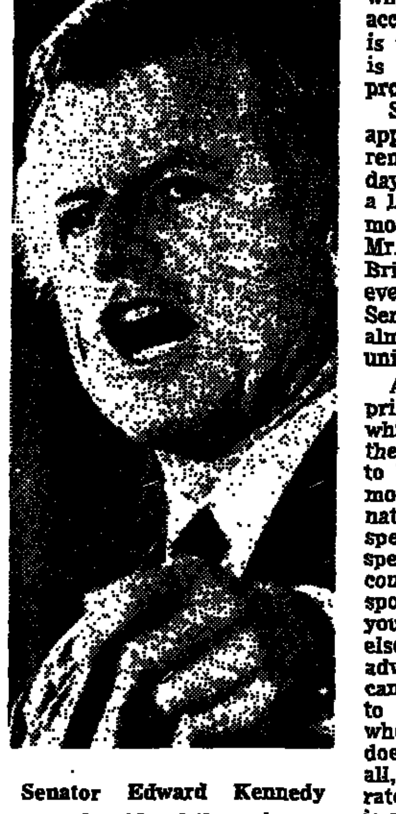
America, after all, is in the midst of the long run-up to the presidential election in November. One would have thought that the most obvious issue for any presidential candidate to get hold of would be the state of the economy, and the need for some sort of coherent economic policy.

There is no shortage of advice to this effect. The labour unions are crying out for economic leadership. By and large, they would like a mandatory prices and incomes policy, though there are some interesting variations upon it. The chief economist at the steel workers' union for instance, would like wage settlements in the first year of its operation to be relatively high, then to come steadily down before a return to free collective bargaining in the mid-1980s. Some corporations are also not averse to mandatory controls, although their prime interest lies in a change in depreciation allowances where the present regime is eroding corporate profits. An academic view is that it is time for America to look again a tthe co-ordination of overall economic policy. Should the Federal Reserve be more independent or less? What is its relationship to the Administration, and should not the experience of other countries be more closely considered—for example West Germany, with its relatively independent central bank and record of co-operation between government, employers, and unions?

## Management

What brings all these views together is a growing belief that America has succeeded in the past more by good luck than by good management. Now that times have changed there is a need for good management. But the system does not provide it: no-one is in control.

The advice is not being heeded, or at least only to a limited extent. The two aspirants to the Presidency most receptive to the demand for economic change are Mr. Ronald Reagan for the Republicans, and Senator Edward Kennedy for the Democrats. It is not entirely perverse to think that they have a certain amount in common. Both are playing the economic issues and they are are competing for support among blue collar workers. Both are drawing on the same fundamental discontent with the economic situation.



Senator Edward Kennedy
On th eside of the unions.

Mr. Reagan argues simply that government intervention in the economy should be reduced, and the level of taxes cut back (almost everyone is now in favour of tax cuts). The reason why he seems to strike an accord with blue collar workers is that he accepts the economy is a problem and is ready to propose a solution.

Senator Kennedy has a similar appeal, but offers a different remedy. It is very difficult nowadays to think of Mr. Kennedy as a liberal Democrat. He is much more easily comparable (say) to Mr. James Callaghan at the last British General Election, or even to European Socialists. The Senator is an interventionist almost wholly on the side of the unions.

After the Pennsylvania primary election on Tuesday, in which Mr. Kennedy emerged as the barest of winners, he spoke to his supporters of this great movement of ours and this great nation. "If our campaign speaks for anyone," he said, "it speaks for the workers of this country." It also, he claimed, spoke for the elderly and the young, and indeed for anyone else who was in any way disadvantaged. But what his campaign clearly does not do is to speak for America as a whole, a large part of which does not feel disadvantaged at all, but only fed up with the rate of inflation. Mr. Kennedy is going in for sectional politics.

He has been advised to the contrary. If only he would call for a more co-ordinated approach to economic policy, he might at least win the intellectual argument with President Carter, if not the Democratic nomination. Instead he goes at it piecemeal, calling sometimes for a prices and incomes policy and sometimes, as in his last speech before the Pennsylvania primary, failing to mention it. There is nothing about a better machinery of government to cope with economic problems. Mr. Kennedy speaks as if nothing in America has changed.

Still, it is a measure of the ground that could be won by stressing economic issues that the Senator appears to be again coming back into the race. A few months ago, when all the talk was about foreign policy he seemed to be out altogether. It took the rise in the consumer price index to an annual rate of over 18 per cent to give him new impetus and to make people listen. President Carter is now on the defensive.

The opinion polls on why people voted the way they did in the Pennsylvanian primary are revealing. Among Democratic voters Cenator Kennedy's approach to the economy was preferred to that of Mr. Carter by at least two to one. The President's economic policy is seen in the country at present as being largely invisible, by unions and employers, alike.

## Cross-voting

It may also be significant that in Pennsylvania there is no cross-voting. That is, under the system there registered Democrats can vote only for Democrat candidates and the same rule applies to Republicans. Both the opinion polls, and primaries in other States where cross voting is allowed, suggest that many Democrats are ready to switch to Mr. Reagan because they believe that he is more serious about the economy.

Mr. Reagan gave the absence of cross-voting as one of the reasons why his own campaign in Pennsylvania did relatively badly. He lost to Mr. George Bush, the only other remaining candidate for the Republican nomination who put in about ten times more money and ten times more effort. But Mr. Reagan's nomination still seems assured. Some of the Kennedy votes on Tuesday, could well vote Reagan in November.

Mr. Reagan and Senator Kennedy have begun at least partially to address themselves to an economic problem which goes far beyond the present recession. It is doubtful, however, whether either of them has gone far enough.

The problems are discussed all the time by the practitioners at the micro-level: there are regional problems, structural problems and the money for social services is running out. Mr. Wilson Goode, the black Democrat city-manager of Philadelphia—a city of some racial tension—explains that there are 220,000 empty dwellings in the city in need of renovation. There are funds for dealing with only 2,200 a year. One could add the examples of the decline of the roads and the railways.

Everybody talks about them. But no-one has come forward with a plausible national solution. Anyone who does could expect to sweep the country.

**Malcolm Rutherford**

# Letters to the Editor

## The rate for the job

*From Lord Beswick*

Sir,—In your interesting leader on job prices (April 23) you compare the settlements in manufacturing industry with those of the public sector. Is not this obsession with public versus private sectors overdone? After all, there is manufacturing within the public sector: note especially BAC.

Comparisons can be valid. Ought we to consider settlements made by newspaper organisations, ITV and the banks—all non-wealth producing organisations and compare them with the real wealth producers?

Indeed if we look at the areas in which the biggest rewards are gained in today's Western world we might be less ready to criticise the way of life in say, Saudi Arabia.

Beswick.
*House of Lords, SW1.*

## Local authority pay

*From Messrs. G. Shipley and G. Sledge*

Sir,—In the interests of truth and justice, Mr. Murphy's letter (April 17) must be answered.

In the first place, it is highly misleading to use the heading "42 per cent increase." This is a hypothetical figure spread over a two-year period. For the year in question local government officers received an increase of 9.4 per cent. In addition, they have now been granted, following a comparability study, an increase ranging between 9.5 per cent at the lowest end of the scale and 18 per cent at the highest. Mr. Murphy is at the highest and therefore received the maximum benefit for the year, i.e. 27.4 per cent not 42 per cent.

Mr. Murphy is a departmental head. Nowhere in his letter does he mention the vast majority of lower paid local government officers who, like everyone else, are strugging to keep their heads above water in hte faceo f crippling inflation.

Of course he is right about the unreality of massive pay awards, but why single himself out, and by implication his lower paid colleagues, to make the sacrifice. National and Local Government Officers' Association members have not created this problem and the comparability result shows by how much they had fallen behind other people carrying out similar tasks. Whatever the cause of inflation it is ludicrous to think that one union acting in isolation can solve it.

Does Mr. Murphy really think he is 42 per cent better off? Inflation running at 15 to 20 per cent would represent a loss of earnings of 38 per cent in the same period (two years) apart from the amount local government officers have fallen behind the cost of living in the last few years. Remember also the lower grades who would gain 9.4 per cent July, 1979; 9.5 per cent January, 1980, and the hypothetical 14 per cent in July, 1980—total 36 per cent cumulative.

G. E. Shipley,
G. W. Sledge,
*29, Cote Lea Park,*
*Westbury-on-Trym. Bristol.*

## BL's report and accounts

*From the Executive Vice Chairman, BL.*

Sir,—I cannot let the Lex remarks (April 23) on BL's 1979 accounts pass without comment. In them we are criticised on four counts: Our "absurd" failure to produce current cost figures; that the accounts are produced to "permit" compliance with some target dreamed up by the NEB; that the report is less informative than in previous years; and that the company fails to provide fully for the anticipated costs of its restructuring programme.

The directors' report is clear and specific. It says that many of the fixed assets are being replaced or disposed of and that those being replaced will not be replaced in their present form. In our opinion it would be a nonsense to go through the procedure of revaluing assets which are being disposed of, because we judge they have no value and will not be replaced. Furthermore, where BL's very heavy capital spending programme is replacing old assets, the impact on the cost structure will go far beyond that implied simply by a revaluation of the old assets. The whole technology and productivity of the process will change. As your own correspondent reported on April 16, after visiting the new Metro facilities at Longbridge, the new automated body build facility requires only 400 staff a shift, compared with 1,200 staff a shift on a conventional facility, and indeed said that a conventional facility would not have been an economic proposition.

The accounts are produced in compliance with the Companies Act and the published accounting standards.

The report and accounts is as informative as in prior years. If Lex knows of other motor vehicle manufacturers which provide detailed product line profit information in their annual accounts, we should be obliged if he would let us know.

The Board considered very carefully the basis on which provisions for restructuring should be made. You will recall that there was criticism that BL had over provided in its 1977 acounts for the closure of the Speke No. 2 factory which was decided on in the early months of 1978 and before the 1977 accounts wer finalised. It was concluded that provision should continue to be made for the costs of restructuring arising from decisions taken prior to the date when the accounts were completed. It is necessary to appreciate that the whole restructuring programme consists of many separate actions and extends over a period of four years. We do not consider it right or in accordance with sound accounting practice to change balance sheet data, as of December 31, 1979, for events of relatively uncertain future date or cost.

D. R. G. Andrews,
BL,
*35-38 Portman Square, W1.*

## Business names on file

*From Mr. N. Gantz.*

Sir,—Two or three years ago the Labour Government put forward proposals to abolishs the Registry of Business Names on the grounds that it did not pay. Since the charges for registration and for search were last regulated in 1916 it is hardly surprising that the registry does not pay and nor is it efficient. In the light of the strongest possible representations from all concerned to see that the registry is maintained, the proposals were dropped.

Now the Conservative Government is making similar proposals, totally unmoved by the same logical arguments which were put forward to Labour. The Registry of Business Names is an irreplaceable source of information. It is inefficient. It is underpriced. If a sensible registration fee were to be charged and if there were to be (as in the case of companies) a requirement for an annual return, there is no question but that the registry would pay its way and, with the aid of modern word-processing equipment, could be made vastly more efficient.

One fears, however, that it is not a search for financial economy which motivates the Government but a desire to demonstrate that it is able to abolish a number of civil service jobs.

Norman Gantz.
ATP International.
*54-58, High Street,*
*Edgware, Middlesex.*

## Olympic myths

*From Mr. R. Holden.*

Sir, — Even assuming Mr. J. Hobbs (April 23) is correct in stating the Olympic Games were formed to avoid wars, he would know signally they failed in this purpose if he acquainted himself with Greek history. In any case, they were instituted for the benefit of their own racial kin. Certainly they did not prevent the near extinction of the Greeks as an independent entity by the overwhelming attacks from the Persians. Nor did they even prevent their own continual bloody and destructive internal squabbles. There seems some parallel between Mr. Hobb's Olympic myths and the Greeks' own myths in respect of factual validity.

R. Holden.
*49, The Hall, Blackheath, SE2.*

## Banking unions

*From the General Secretary, Banking Insurance and Finance Union*

Sir,—After industrial action which severel yaffected National Westminster Bank and the banking syste mas a whole, we have achieved, in direct negotiations with the National Westminster Bank, an honourable settelement for the messenger staff of the bank. We no wlook forward to a continuing development of positive industrial relations with the bank.

It is worthy of note, however, that during the height of the industrial action, the staff association in National Westminster Bank issued a notice to its members—which the bank circulated through the computer terminals in branches—instructing them "to carry on working as normally as possible including crossing picket lines," and also instructing them not to join ing them not picket lines. In other words, the staff association deliberately attempted to sabotage the efforts of this union and its members. It was not successful in this because we did achieve a settlement to the dispute, but can anyone now seriously pretend that the efforts of the staff association were those of a bona fide independent trade union?

You have reported extensively in the past the breakdown of the efforts to form a united staff organisation in the clearing banks prompted by reports from Dr. Johnston. We wanted those talks to succeed if the end result was a genuine national trade union: there can be no doubt now in the minds of staff that the staff association has shown what its true colours are and it is not surprising therefore that it withdrew from the talks.

We are please to report that our membership in the clearing banks has been increasing substantially in recent weeks and the formation of our own English clearin gbanks section within the union will provide the mechanism for negotiating on behalf of our members in those banks within the context of a national trade union.

Leif Mills,
*Banking Insurance and Finance Union,*
*Sheffield House,*
*Portsmouth Road,*
*Esher,*
*Surrey.*

## Factors in health

*From the Research Officer, Health Education Council*

Sir,—I would like to correct the misleading impression given by your survey of the pharmaceutical industry (April 16) as to its role in the declining mortality from certain diseases, namely tuberculosis, diphtheria and smallpox.

By referring only to the period since the founding of the Association of the British Pharmaceutical Industry (in 1930), and by presenting figures which demonstrate the decline in mortality since then, the impression has been conveyed that the drug industry has been directly responsible for the decline, and that this is "a tribute to the phamaceutical industry." If these figures are placed in their rightful context, however, as part of the overwhelming decline in infectious diseases since the mid-nineteenth century, quite a different, and far more accurate, picture of the role of the industry is obtained.

In 1848-54, the (standardised) death rate for tuberculosis in England and Wales was 2,901 per 1m people. By 1947, the year in which specific therapy (streptomycin) was introduced, the rate had already dropped to only 15 per cent of this value (to 422 deaths per 1m), primarily as a result of such factors as the reduction in overcrowding, improved nutrition and a general raising of personal hygiene; in other words, the creation of a healthier physical and social environment.

Since the introduction of streptomycin (and other specific measures), there has been a rapid decline in mortality from tuberculosis, but because of the already-existing decline arising from the improvement in living conditions, only 51 per cent of the post-1947 decline can be attributed to treatment. Overall, only around 3 per cent of the decline in tuberculosis mortality since the mid-19th century can be considered a result of specific treatment measures.

The decline in smallpox can be attributed to the development of an effective vaccine, but vaccination was introduced before the 1840s. Furthermore, the eradication of the disease in recent years is as much a tribute to the efforts of individuals within the eradication programme as it is to the producers of the vaccine.

Diphtheria antitoxin (introduced in 1894) and the vaccination programme (introduced in 1939) have both dramatically affected death rates from diphtheria, but 70 per cent of the decline in diphtheria mortality witnessed over the past century took place before the introduction of specific measures.

No one denies the vital role that drugs play in control of diseases, nor that much human suffering has been alleviated through their use. The decline in mortality over the past century, however, is more a tribute to those who have helped in the prevention of disease occurrence, so that fewer people require treatment in the first place.

Unfortunately, the impression conveyed by your survey can only help perpetuate the widespread myth that treatment and high-technology medicine are the most important factors leading to health. For those of us trying to explode this myth, and endeavouring to improve the health of our society through measures with a more realistic pay-off, your contribution to the public debate is yet another hindrance to our efforts.

(Dr.) David St. George.
Health Education Council,
*78, New Oxford Street, WC1.*

## A tale of legal muddle

*From Mr. H. Wessel,*

Sir,—"Justinian" (April 21) agrees with the Royal Commission on Legal Services that the monopoly of solicitors in conveyancing should be maintained and concludes that "safeguards for the house purchasing public can be attained only by the enforcing of professional standards and practices. . . ." As justification he quotes Domb v Isoz (1980) SW.L.R.565.

On February 9, 1978, the two solicitors involved exchanged contracts (as they both thought!) but it subsequently took two years and an Appeal Court decision to establish that in fact contracts had been exchanged.

The conveyancing monopoly has been in existence for so long that it would be reasonable to expect solicitors to be able to exchange contracts on behalf of their clients without keeping their affairs in suspense for over two years! and at what costs?

One would have thought that this tale of legal muddle was an argument for abandoning the monopoly not for keeping it.

H. R. V. Wessel,
*19, Downside,*
*St. John' Avenue, SW15.*

## Allowing for inflation

*From Mr. A. Lawrence*

Sir,—In my rate demand for 1980-81, Braintree District Council has included in the supporting figures a "contingency provision-inflation" factor of 25.38p, or 22.99 per cent, plus "general fund inflation" of 2.08p making in all almost a quarter of the aggregate rate.

While I concede that the council will like everyone else suffer the effects of escalating inflation, I see no reason why it should add to the problem by including a figure of this magnitude.

A. J. Lawrence.
*2, Pesiaran Bukit Tunku,*
*Kuala Lumpur, Malaysia.*

## Today's Events.

**GENERAL**

UK: Sir Keith Joseph, Industry Secretary, speaks at Skipton.

Joint meeting of bank staff associations to discuss pay.

Mr. Michael Heseltine, Environment Secretary, speaks at Tynemouth.

Association of Broadcasting Staff executive discusses 15 per cent pay offer.

Sir Peter Wakefield, UK Ambassador to Belgium, opens Birmingham Chamber of Industry seminar on trade with Belgium and Luxembourg.

Overseas: IMF interim committee and IMF/World Bank committee for development discuss ways of recycling $100bn to $200bn in petrodollars, Hamburg.

**PARLIAMENTARY BUSINESS**

*House of Commons:* Films Bill, second reading.

**COMPANY MEETINGS**

Britannic Assurance, Moor Green, Moseley, Birmingham, 12. Carliol Investment Trust, Milburn House, Newcastle-upon-Tyne, 12.15. Dufay Bitumastic, Winchester House, 77, London Wall, EC, 12. English Property, 16, Grosvenor Street, W, 9.30. Habit Precision Engineering, Hotel Lily, 23-33, Lillie Road, Fulham, SW, 10. Inveresk, Great Queen Street, WC, 12. Letraset International, 7, Appletree Yard, SW, 12. Lyon and Lyon, Harker House, Knottingley, West Yorks, 12.15. Mixconcrete, The Aquadrome, Little Billing, Northampton, 12. Tomatin Distillers, Mayfair Hotel, Stratton Street, W, 12.15. Transport Development, Great Eastern Hotel, Liverpool Street, EC, 12. Tyneside Investment Trust, Milburn House, Newcastle-upon-Tyne, 12.20. Weber, 63-65, Piccadilly, W, 2.30. H. Woodward, Altcar Works, Formby, Liverpool, 3.

# Grattan Warehouses show sharp decline to £4.45m

SECOND-HALF profits of Grattan Warehouses, the mail order concern, dived from £6.82m to £1.99m, leaving the taxable surplus for the year to January 31, 1980, substantially lower at £4.45m, against £11.28m. Sales, excluding VAT, rose by 22.5 per cent to £215.4m.

The directors have resolved to make a number of boardroom changes following a study of the company's organisatino by Messrs. McKinsey and Co.

Mr. Michael Place, managing director, said yesterday that the departing direstors were "asked to resign and there will be some rompensation involved." On prospects, he said the sales increase in 1980 will be less than last year, although the effect on profits could be neutral.

In his preliminary statement Mr. J. M. Pickard, chairman, says sales for the first period of the new spring/summer catalogue were encouraging but demand had eased during the last six weeks.

Pre-tax profits in 1979/80 were hit by the steep rise in VAT and interest rates—interest charges soared to £3.7m (£0.65m).

Margins were reduced by increased stock depreciation on certain fashion lines, and by distortions in demand created by the VAT rise, says Mr. Pickard.

The results also reflect a substantial increase in modernisation expenditure—up from £0.59m to £1.36m—principally on the computerisation of the company's sales agency records and on warehouses.

A change in the accounting policy for VAT assessment has had the effect of raising profits before tax by £1.97m for the year under review, against £0.7m for 1978-79.

Borrowings increased significantly during the year, reflecting the debtor and stock levels necessary to support the higher sales, but they are still well within the company's facilities; the chairman says.

The cost of borrowing throughout the second half was substantially higher than expected, and the company has modified its planned level of activity for 1980 so that borrowings remain within the existing agreed facilities.

Expending on this yesterday, Mr. Place said that, for investment, it meant phasing forward plans for investment in warehouses, which would delay the planned benefits. However, computerisation would go ahead.

The chairman says it has been decided that the company should maintain its position as one of the few independent mail order companies. The 4.99 per cent holding of UDS Group in the company has been reduced to 2.77 per cent, he adds.

An unchanged final dividend of 4.425p. gives a total payment slightly higher at 6.291p (6.211p) net. Earnings per share are shown as 14.58p (16.37p), after a tax credit of £1.97m, against a charge of £4.08m.

See Lex

## HIGHLIGHTS

Lex considers the further profits setback at **Dunlop** and looks at recovery prospects in the light of probable reductions in tyre losses this year. Another famous industrial name struggling to reverse a declining trend is **Vickers**, where high interest rates are hurting. **Tootal's** profits are sharply down to £14.6m but the string of UK closures should leave a firmer platform for any upturn. There are trading problems too at Grattan where several senior executives have left in the wake of a poor trading performance. Finally Lex considers **Lonrho's** latest action in trying to prise a higher dividend out of **House of Fraser**. On the inside pages **Linfood**, the food retailing and wholesaling group, is making a £11½m rights issue to finance further expansion, and other big names on the company front were **Hoover** and the UK's largest Ford dealer **Howard Perry**.

**SPAIN**

| April 24 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 211 | −3 |
| Banco Central | 228 | −4 |
| Banco Exterior | 206 | |
| Banco Hispano | 205 | −2 |
| Banco Ind. Cat. | 125 | −2 |
| Banco Madrid | 146 | −3 |
| Banco Santander | 249 | −3 |
| Banco Urquijo | 143 | |
| Banco Vizcaya | 217 | −3 |
| Banco Zaragoza | 200 | |
| Dragados | 96 | −2 |
| Espanola Zinc | 60 | −1 |
| Fecsa | 58.5 | |
| Gal. Preciados | 27 | −1 |
| Hidrola | 63.7 | |
| Iberduero | 59 | +0 3 |
| Petroleos | 104 | −2 |
| Petroliber | 59 | |
| Sogefisa | 107 | |
| Telefonica | 54 | |
| Union Elect. | 63.2 | −0.3 |

# Haden Carrier £1m ahead

AN ADVANCE in second-half profits from £1.72m to £2.63m enabled Haden Carrier, building services and metal finishing engineering group, to expand 1979 pre-tax surplus from £2.74m to £3.78m, on increased turnover of £202.47m, compared with £188.71m.

However, Mr. P. G. Simonis, the chairman, says som eoverseas companies incurred losses arising from operating problems. Here managementchanges and corrective action are now being carried out, and, as a result, the board is optimistic that in 1980 the group will maintain its steady improvement.

On prospects for the mechanical and electrical services activities, the chairman says there is a reasonable level of activity in the UK, but internationally the group will have to face hard competition and narrow margins.

In metal finishing, activity overseas in the automotive industry looks encouraging in the short and medium term, but at a low level in the UK market.

Associates' contributions for the year increased from £71,000 to £206,000, but interest costs rose £84,000 to £687,000.

Earnings per 25p share climbed by 9.9p to 26.9p, while a final dividend of 6.75p makes a net total for the year of 10p per share against 8.703p previously.

### ● comment

*A healthy yield of 13 per cent and a pre-tax increase of 38 per cent at* **Haden Carrier** *was enough to impress the market yesterday and its shares rose 13p to 117p. The good showing stemmed more from loss elimination on the overseas side of the business (about half of turnover) than from a dramatic showing at home. In the Middle East, the company cleaned up its building srevices problems related largely to Saudi Arabai and reduced its loss by £1.7m. On the Continent the group came out of loss and moved £1.5m upward to achieve a trading profit of around £½m. Much of the European growth came from the automotive-linked metal finishing business where Haden Carrier is one of the leading companies with ties to Renault, Ford, GM and others. Africa did slip further into loss, a large part of which is connected with inter-company dealing problems from Nigeria. The p/e on a full tax charge comes to 4.6, which does not seem high at all.*

# Hoover continues its recovery

MEASURES TAKEN last year to improve operating efficiency at **Hoover**, the domestic appliance manufacturer, are reflected in a first quarter 1980 pre-tax profit of £1.77m, compared with a loss last time of £0.62m. The surplus for the whole of 1979 was £3.62m.

With a better understanding between employees and management, the outlook is more encouraging, say the directors. Although the steel strike caused many problems, production was able to continue without any significant disruption.

Demand is high for the new range of washing machines introduced in the UK and several new model launches are planned at home and overseas in the next few months.

Group trading profit was £2.52m (£0.27m loss), but there was a loss of £191,000 (£312,000 profit) associate Hoover (Holland). Exchange losses from Dutch associate amounted to £419,000 (£329,000) and from the subsidiaries, £138,000 (£329,000).

Sales in the three months rose £1.27m to £50.97m.

Tax, on an SSAP 15 basis, takes £605,000 (£517,000), leaving a net profit of £1.16m (£1.14m loss) and stated earnings per 25p share of 6p (6p loss).

Had tax been charged on a full provision basis, to include deferred tax, the charge would have been £1.4m (£93,000).

Australia continues to improve and was an important contributor to profits, they add.

The ultimate holding company is Hoover Company of Ohio, U.S.

### ● comment

The foundations laid over the last year are being built on at **Hoover**. The new model policy, aimed higher up the washing machine market, the reduction in the labour force and a trouble-free three months of production have helped pull the UK side round, and although demand is expected to decline over the last eight months of 1980, Hoover has got its prices up and is in a much stronger market position. Europe is proving difficult, and the Dutch holding company is showing a loss, but Australia seems to be turning round. With luck there should be a sharp recovery in pre-tax profits this year, and at 170p the "A" shares yield 10 per cent. Hoover has the additional advantage in present conditions of being entirely ungeared.

# Vickers dives below £1m in second-half

A £5.64m downturn to £0.9m in the second half left 1979 taxable profits of Vickers well down at £7.29m, compared with £11.7m. Midway, the directors had warned that the engineering strike would have serious repercussions on full-year results if not settled quickly.

In the event, profits of the UK engineering group rose by 24 per cent to £11.9m in 1979, despite cancelled Iranian orders and the engineers' dispute. However, there were losses of £0.5m in Australia, against profits of £2.3m, while the office equipment and supplies side suffered a £5.7m turnround to losses of £1.1m.

Sir Peter Matthews, chairman, says the overall profit performance during the first quarter of 1980 has been encouraging despite the steel strike. He expects trading profits to show an improvement over 1979 if continuity can be maintained.

In addition, settlement of outstanding compensation issues would materially increase profits and strengthen the balance sheet.

Interest rose from £8.49m to £12.79m in 1979, and included £0.92m (£3.51m) for interest attributable to payments on account of compensation, of which £/.55m (£1.4m) related to prior years.

The net total dividend is maintained at 9.814p, with an unchanged final of 5.964p. Stated earnings per £1 share are given as 9.9p (13.6p), after tax of £2.97m (£4.27m) but before extraordinary debits of £1.22m (£18.25m).

Group sales totalled £389.76m (£391.36m).

The directors hope the Government's final offer for the group's former 50 per cent share of British Aircraft Corporation will be received shortly.

See Lex

# Safeguard Investments

Pre-tax revenuet of Safeguard Industrial Investments pushed ahead from £355,086 to £454,523 for the half year to March 31, 1980. However, the directors do not expect second-half revenue to show much improvement over last year's £420,334.

The net interim dividend is raised from 1.5p to 1.8p. Last year's total payment was 4.7p. At March 31, net assets per share were 105.4p (114.4p at September 30, 1979).

# Dunlop profits tumble but dividend is maintained

**Dunlop Holdings'** 1979 pre-tax result slumped from £46m to £29m and, with tax taking £28m and minorities £1m, the company broke even at the attributable level.

The nil earnings per 50p share compare with 9.1p last time, but the total dividend is held at 5.3p net with a final of 2.65p.

Sir Campbell Fraser, chairman, said the board's decision to maintain the payment was made in the light of the structural ehanges made in tyres, and of progress overseas. "Because of the current and longer term trading outlook it was appropriate to maintain the dividend," he stated.

The group might face a tougher business environment in 1980, but it did so from a better costs base. So far demand was proving buoyant in Africa and the Far East, but it was not buoyant in the U.S. and was patchy in Europe.

Last year tyres lost £11m in the UK but the rate of loss was falling towards the year end. Alan Lord, a managing director, said: "We would be disappointed if we did not come close to making a profit in tyres in the second half of the year. We shall have established a trend line."

This year group capital spending is planned to be £65m-£70m although, allowing far a likely shortfall, it will probably come out close to the £54m of 1979, Mr. Kenneth Gardener, finance director, said the group was budgeting for a lower cash outflow in 1980 than the £31m of 1979. "The gearing ratios won't deteriorate," he added.

Group results for the first quarter of 1980 were significantly better than for the corresponding period last year and this recovery towards a more satisfactory profit performance is being aided by cost improvement programmes now being implemented. However, much will depend on world trading activity, trends in interest changes and exchange rates in the remainder of the year.

Sales for 1979 advanced from £1.46bn to £1.57bn. Operating profits fell by £2m to £84m and a similar decinew as seen in the share of associated and investment income, which turned in at £12m. Higher interest rates and additional borrowings resulted in finance changes of £47m against £34m.

Had 1978 results been translated into sterling at exchange rates ruling on December 31, 1979, the decrease in pre-tax profits would have been £9m instead of £17m.

Additional depreciation, cost of sales and monetary working capital adjustments reduced historic operating profits to a current cost loss of £8m (£18m profit). After financing changes and gearing adjustment the current cost taxable loss was £19m (£13m profit).

See Lex

# Harold Perry falls behind in first quarter after 31% rise

PRE-TAX profits of **Harold Perry Motors** rose 31 per cent from £3.76m to £4.93m during 1979 with second-half figures improving by £202,000 to £1.78m. Tax was substantially higher at £1.6m against £665,000.

Stated earnings per 25p share are up from 34.3p to 37p, and the final dividend is raised to 4p net, against a forecast of not less than 3.6p, for a total of 7p (3.685p). A one-for-one scrip issue is also proposed.

In the first quarter of the current year, pre-tax profit was 11 per cent down at £1.37m, despite higher volume of car sales. Profits from increased sales of commercial vehicles in that period were well up. The company looks to the new Escort replacement in the autumn to advance further the Ford range.

During 1979 the company had three major expansion projects building simultaneously at Southend, Potters Bar and Milton Keynes. Profits from new cars were 35 per cent higher on sales up by 29.1 per cent. Commercial vehicles produced 54 per cent more profits from 25.4 per cent more units. All other trading activities provided 53 per cent of the total group operating profit.

Group sales in 1979 rose from £87.6m to £115.3m.

### ● comment

The market was disappointed not to see interim growth carried through into the second half at **Harold Perry Motors**. While sales were 19 per cent down compared to the first half, profits tumbled 44 per cent. The shares dropped 9p to 146p, where they yield an historic 7 per cent. The progressive rise in interest rates played a part, though the ambitious expansion programme recently completed has been financed from internally generated funds. Self-drive car hire went flat in the latter part of the year, while margin erosion on new cars has been significant. Perhaps in consequence, used cars proved much more difficult to shift. For the current year, Ford registrations (Perry's franchise) look likely to be around last year's level, despite forecasts of an overall market decline, with margins staying tight. The fully-taxed p/e of 5.4 suggests few expectations of

# DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Aberdeen Trust ......int. | 2 | June 20 | 1.35 | 5.31 | 4.45 |
| Amal. Power Engrg. ... | 3.08 | July 3 | 2.95 | 6.16 | 5.9 |
| Anchor Chemical ......... | 2.92 | June 7 | 2.54 | 5.3 | 4.64 |
| Anglo Scot. Inv. Tst. int. | 0.9 | July 2 | 0.8 | — | 2.1 |
| Ben Bailey ............int. | 0.44 | July 8 | 0.33 | — | 1.2 |
| Belgrave (Blackheath)... | 1.5 | July 2 | 1 | 1.5 | 1 |
| A. and C. Black ......... | 2.79 | — | 3.39 | 5.39 | 5.39 |
| Brit. Assets Tst. 2nd int. | 0.85 | July 3 | 0.7 | —‡ | 3.1 |
| Dunlop .................... | 2.65 | — | 2.65 | 5.3 | 5.3 |
| Ellis and Goldstein ...... | 1.3 | June 4 | 1.16 | 2.3 | 2.13 |
| Flight Refuelling ...... | 1.95 | July 2 | 1.47* | 3.1 | 2.4* |
| Grattan Warehouses ... | 4.43 | July 15 | 4.43 | 6.29 | 6.21 |
| Haden Carrier ............ | 6.75 | June 20 | 5.7 | 10 | 8.7 |
| Hopkinsons Hldgs. 2nd int. | 4.15 | June 13 | 4.15 | 5.65 | 5.65 |
| Walter Lawrence ...... | 3.5§ | July 3 | 4.04* | 10.5§ | 5.84* |
| P. and W. Maclellan ... | 0.93 | — | 0.93 | 1.43 | 1.43 |
| Maxim's .................... | 6 | — | 5.5 | 6 | 5.5 |
| McKechnie Bros ...int. | 2 | June 11 | 2 | — | 6.93 |
| Modern Engrs. ............ | 2 | June 9 | 1.62* | 3 | 2.51* |
| Pentland Industries ... | 1 | July 1 | 0.61 | 1.27 | 0.88 |
| Harold Perry Motors ... | 4 | July 1 | 2.01 | 7 | 3.69 |
| Rush and Tompkins ... | 2.5 | — | 2.23 | 3.75 | 3.23 |
| Safeguard Ind. Invs. int. | 1.8 | June 13 | 1.5 | — | 4.7 |
| S. Simpson ............int. | 1.31 | July 4 | 1.31 | — | 4.26 |
| Francis Sumner (Hldgs.) | 0.1 | June 16 | 0.29 | 0.65 | 0.79 |
| Tootal .................... | 2.04 | July 7 | 2.04 | 3.14 | 3.04 |
| Vickers .................... | 5.96 | July 1 | 5.96 | 9.81 | 9.81 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Forecast 3.65p total, including special 0.3p already paid. § For 18 months. ¶ Forecast not less than 3.3p final.

ADVERTISEMENT

● LONDON BRICK COMPANY LIMITED

# business news

Bricks for homes, homes for people...

**The following are extracts from the circulated Statement of the Chairman, Mr. Jeremy Rowe, C.B.E. for the year ended 31st December 1979.**

## The Trading Year

There was a reduction in the demand for bricks for new housebuilding but this was partially offset by an increase in the number used for repairs and renovations.

The bad weather early in 1979 and the delay in obtaining a price increase resulted in a fall in margins during the first half of the year. The position was largely rectified during the second half year but difficult trading conditions throughout the Group made it impossible to match the profits of 1978. Nevertheless, profits before tax amounted to £12,741,000 (£14,095,000) which represents a substantial recovery on the position shown at the half-way stage.

During the year the offer by Norcros Limited for our interest in the equity capital of H. & R. Johnson-Richards Tiles Limited was accepted. This produced a useful addition to cash resources and generated a profit after tax of £2,031,000.

Both the interim and proposed final dividends, inclusive of the relevant tax credit, have been increased by 15 per cent. After taking into account the reduction in the basic rate of income tax, the amount that stockholders will receive is increased by approximately 20 per cent.

## Construction and Brick Demand

From the outset 1979 proved a difficult year for the building industry. In the early months, the unusually severe and prolonged winter and the effects of the road haulage strike hampered progress on sites and adversely affected brick deliveries. As the weather improved in the spring; private builders sought to make up lost ground and the pace of demand quickened. Indeed with little stock some difficulty was experienced in meeting customers' requirements. The comparative buoyancy of the private housing market was not to continue for, as the year progressed, the effects of Government monetary policy began to bite and there was a gradual fall in the number of starts. In the public sector, where the trend was already set, there was a continuing fall in the total volume of work in both housing and other work. Only in home improvement and refurbishment was a brisk demand experienced throughout the year.

During 1979 as a whole, housebuilding fell by seventeen per cent. and in the case of the public sector, the outcome for the year showed a reduction of over half in the figures achieved in the early seventies. In our case, whilst brick deliveries were lower than in the previous year, increased penetration into other markets and price competitiveness lessened the effect of the reduction in housebuilding.

In recent years there has been comment that Britain now has a crude housing surplus; however, the surplus is termed "crude" advisedly, for the needs and availability of housing do not match. In terms both of the type of housing and of its location, major shortages still exist. It must remain a matter of national concern whether the current very low level of housebuilding — the lowest for 28 years — is sufficient to remedy these shortages and provide everyone in this country with one of the most basic of human necessities — a home of their own.

## Facing Bricks

More than just a structural material, facing bricks depend on aesthetic appeal for their success. Not only does their appearance tend to improve with age, but they are maintenance-free. Understandably therefore sales of LBC Facing bricks now represent nearly two-thirds of our total deliveries. Our marketing plans have to balance the advantages of introducing new types of facing bricks with the continuing call for existing ones. The LBC facing range encompasses different colours and textures designed to suit regional requirements, blending with the traditional or natural colours in a local environment. This may vary from Cotswold stone to the yellow stocks of London, from Sussex flint to the traditional reds of East Anglia. With increasing preference for red bricks, our range of bricks was extended by the introduction of the LBC "Regency" red in 1977, followed in 1979 by the launch of the new red textured "Windsor" facing brick. Both bricks have already achieved considerable popularity.

## The Craft and Craftsmen

For centuries masonry has not only formed the backbone of the built-environment, but has given it much of its visual appeal. Following experience with alternative cladding materials, architects are showing a resurgence of interest in the greater freedom of design, and the ability to blend with existing buildings, offered by traditional materials, heralding a renaissance in the use of brickwork. Indeed, traditional brick construction has been forecast as "the hallmark of the eighties".

Brick construction depends for its appeal and success on the skill and availability of craftsmen and it is very much in the brick industry's interest to help ensure that bricklayers are readily available.

With increasing efficiency on building sites, the total number of bricklayers now needed in the construction industry is about 106,000 and in recent years this number has been trained. However, even at the present level of activity there are reports of difficulties in obtaining bricklayers and it is evident that many of those trained are not laying bricks. The barrier to the craft does not seem to be the nature of the work but the cyclical pattern of the workload on the industry and consequent fears on stability of employment.

The need to train craftsmen has been tackled not only through Government-assisted programmes by the building industry but by the brickmakers themselves through Brick Development Association Training Services Limited which operates two training centres for bricklayers. With the uncertainty that now exists over future Government support, this type of self help by the industry illustrates one way a regular flow of craftsmen can be maintained.

## Production

In recent years our policy has been to use strategic stacking of bricks to smooth out the peaks and troughs in the cyclical demand for housebuilding, but the success of stock-lifting in 1978 meant that we entered 1979 with few bricks on the ground. Thus in the new year the availability of extra supplies for the customer depended largely on increasing production from existing works.

A great effort was made and with the benefit of a year once again free from any major industrial dispute an improvement in overall output of about five per cent was achieved.

Future production of fletton bricks is dependent on a continuing supply of our valuable raw material and at Whittlesey a major engineering project, requiring the movement and landscaping of some 350,000 tonnes of earth as a barrier to the river flooding, has been undertaken as a planned extension of our reserves of fletton "knotts" for our Kings Dyke Works.

At our Clockhouse factory, continued development of the specialised process for the manufacture of simulated handmade bricks has led to a slow but steady build-up in production. We have been disappointed by the extent of the teething problems involved in the new technology and even now full production has yet to be attained. Some difficulties remain to be overcome but we believe that the quality and appearance of the new brick will more than compensate for the delay in its introduction.

## "We have to ensure that investment in new plant keeps pace with research and technology, and productivity is further increased."

**In my first report as Chairman, perhaps I might set out some personal beliefs based on my experience of the building materials industry and on London Brick, the Company with which I have been associated all my working life.**

**In exploiting the fuel-bearing Oxford clay for Fletton brickmaking we have developed in this country a unique industrial process. The brick, fired largely from the fuel naturally contained in the clay, has one of the lowest energy contents in terms of tonnage produced of any manufactured building material. Where else, in fact, can you obtain a manufactured product that costs the customer ex works less than one new penny per pound? Our prime purpose in London Brick is to ensure that this unrivalled British process is conducted in the most efficient and enterprising manner.**

**We have, for instance, to ensure that investment in new plant keeps pace with advances in research and technology and that in this way productivity is further increased. We have also to try to provide our customers with a constantly improving standard of service in marketing, handling and distribution.**

**From this firm base we can employ assets, built up over many years in terms of both human and physical resources, to widen the base of our operations and to expand into related areas of activity which are less dependent on the cyclical nature of housebuilding.**

**If we can successfully accomplish these objectives, I believe that we will be able to satisfy our customers, care for our employees, improve the environment of our works areas, and, not least, provide stockholders with an increasing reward from their investment.**

## Distribution

With the need to distribute our bricks nationally in the most efficient manner, use is made of a number of different delivery methods. To areas near our works, deliveries are made direct by the LBC fleet, or by haulage contractors, while for some regions of the country bulk distribution by the railborne "Fletliner" system or through roadheads is completed for onward despatch by our own, locally-based, vehicles.

With the recent surge in the cost of all forms of energy, the improved fuel economy of larger vehicles has to be balanced against our customers' requirement for a proportion of deliveries in smaller loads. The saving in fuel involved does depend on delivery circumstances but, as an example, use of a large articulated vehicle in place of a six-wheeled rigid vehicle can result in a reduction of nearly 30 per cent. in fuel usage. Both roadheads and the Fletliner service provide a sensible answer to this dilemma for whilst they ensure that bulk distribution to distant points is achieved with the utmost economy in fuel, subsequent delivery to the customer can be made in smaller vehicles more suited to the average building site.

Another development, the LBC Strapak system for strapped units of bricks, allows more efficient handling on site than is possible with mechanised delivery of loose bricks. Although packaging does increase the cost of bricks, the growth in customer requirements for this service — now encompassing about 60 per cent. of deliveries — amply demonstrates that the increase in price to the customer is easily outweighed by the benefits which he derives through greater efficiency on the site. Our objective is to standardise on this form of delivery and to provide all customers with packaged bricks.

## Farming

Husbandry has long been one of our interests, but recently the aim has been to extend and develop our own farming activities, and in particular to take in hand land which has been reclaimed, either by the Central Electricity Generating Board Fly Ash scheme, or increasingly through the operations of London Brick Landfill.

Last year mention was made of the new LBC "Breken" Friesian dairy herd, which has now been built up to a strength of 300 animals. Milking was commenced in September, and now 150 cows are in milk, producing an average of 600 gallons each day.

*Container movement at London Brick Landfill's Hendon waste rail transfer station*

## Land Reclamation

The tempo of our land reclamation activities quickened during 1979, the volume of fill material trebling during the course of the year. The largest single contribution to this has come from the first full year's operation of the Hendon waste rail transfer scheme, which was formally inaugurated in June by Sir Horace Cutler, Leader of the Greater London Council. This scheme — developed, constructed and operated by London Brick Landfill — provides facilities for the reception of three London Boroughs' domestic waste at the Hendon transfer station, its compaction into sealed containers and subsequent transportation by rail to the Stewartby Fletliner terminal in Bedfordshire. There, special vehicles transfer the containers to the landfill site, where the material is compacted in layers, progressively rebuilding the land for its eventual return to agriculture. During the twenty-year contract, about four million tons of GLC waste will be handled in this way and, with the benefit of other contracts, will result in the restoration of 190 acres of land from which Oxford clay has been excavated for brickmaking. During the coming year, a second scheme of similar size will start operating at Calvert works, again leading to the reclamation of a large area of land for farming.

## Subsidiary Companies

While for some subsidiary companies, 1979 proved a difficult trading year, for others it saw carefully laid plans and investments beginning to bear fruit. The successes of our Landfill and Farming subsidiaries have already been mentioned. London Brick Landfill, in particular, reaped the reward of major schemes for the disposal of domestic waste developed over a number of years and from an expansion of its industrial business. With turnover trebled in 1979, this subsidiary is now providing an important contribution to the Group.

For the remaining subsidiaries, the general economic climate, prolonged bad weather and other difficulties have all had detrimental effects. London Brick Buildings has been particularly disappointing, with high interest rates and reduced mortgage facilities restricting sales.

Midland Structures was also disappointing, and whilst corrective measures have been taken, the year's results were affected by unprofitable orders which had previously been accepted.

Croydex has been going through a period of change in both management control and personnel. While the Company is now geared up for further development, its performance during the year reflected the depressed state of the retail hardware market.

## Brickworks Re-development Plans

During 1979, we announced a major redevelopment plan to replace, during the course of the next fifteen years, nearly half of our fletton production capacity, at a total cost at today's prices, of £75 million. In the course of the last ten years, two major "new generation works" have been completed. They have amply demonstrated that a better quality brick can be produced at a substantially lower cost by a plant of modern design. Dependent on planning permission, our intention now is to replace two of our main works in the Bedford area with new brick factories incorporating the latest developments in fletton brickmaking technology and to further expand our modern Kings Dyke plant at Whittlesey.

A new fletton brickworks utilises the specialised machinery which we now largely design and manufacture in our own foundry and machine shops. This allows it to be built comparatively quickly and economically. When completed, these works, replacing nearly a quarter of the total clay brick production of the United Kingdom, will almost double the productivity of each employee. The new factories will offer operatives both greater security of long term employment and improved working conditions.

Will there be the demand for the products of these new works? In fact, we are confident that the demand will be there: not only do we believe that housing starts are more likely to rise in the Eighties from their present depressed level than decline further, but also that the low cost and unique fuel-saving nature of the process will ensure a wider market for fletton bricks. Even if this does not prove the case, fluctuations in demand fall on marginal or "buffer" production capacity which helps to cope with the peaks and troughs of trade. Thus a reduction in future demand only means that a higher proportion of our total production will be concentrated on these new, more efficient and profitable factories.

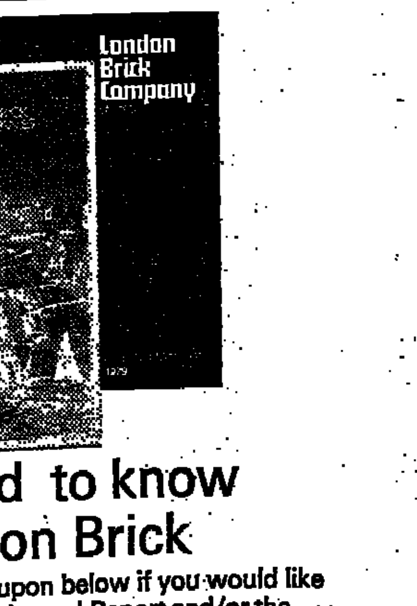
## Research

The work of our Research Laboratories runs like a thread through our varied brickmaking activities. From helping customers in structural design using diaphragm brick wall techniques, to developing the new Windsor facing brick, from testing strapping material used for packaging bricks, to assisting our engineers in the development of improved machinery for new works, our scientific officers provide a service to all departments.

The largest single sector of work is the continuing programme of research, directed by the Alkali Inspectorate, into emissions and possible methods of treatment of kiln gases. Although emissions from even our largest works are small compared with say—a major power station, they constitute a nuisance and provide a positive area for research. During the course of the year two of our scientists visited the United States, and examined the results of a number of similar American research programmes. The visit, although of great interest, did not suggest that we had neglected any particular new avenue of research.

## Tribute

In a year in which the leadership has changed, I would like to thank employees at all levels and in every branch of the business for their steadfast loyalty and support. We are fortunate in the Company in having built up over many years a fund of goodwill and a real sense of working together in harmony and partnership. We must continue to foster this spirit and to use it in helping to achieve new objectives.




## All you need to know about London Brick

**Please complete the coupon below if you would like to receive copies of the Annual Report and/or the Brochure which outlines some of the Group's wide range of interests.**

**To: The Secretary, London Brick Company Limited, 12 York Gate, Regents Park, London NW1 4QL**

**Please send me a copy of the Annual Report and/or the Brochure.**

**Please tick. ANNUAL REPORT ☐ GROUP BROCHURE ☐**

Name ____________________

Address ____________________

____________________ Post code ________

# Severe downturn at Amal. Power

STRIKES and an industrial dispute at its Bedford division, resulted in Amalgamated Power Engineering, manufacturer of steam turbines and diesel engines suffering a severe setback during 1979 when pre-tax profits plunged from £6.78m to £1.57m. Although there was a slight recovery in the last quarter, the second half figures were down from £3.67m to £760,000.

The pre-tax figure is struck after interest substantially higher at £1.73m against £160,000. After tax down from £1.51m to £764,000, and redundancy costs of £383000, attributable profit amounted to £409,000 (£5.27m). Stated earnings per 25p share are 5.77p against 38.44p.

Having regard to the current levels of output and the state of the order book, the board takes an optimistic view of the future and is recommending a final dividend of 3.08p against 2.948p, for a total of 6.16p (5.896p).

## ● comment

Three strikes last year and a 14 to 30 per cent deterioration in the terms of trade relative to foreign competitors cut heavily into both sales and profit at Amalgamated Power Engineering. The marine market, which has dropped from 60 per cent of sales five years ago to an estimated 20 per cent this year, shows no signs of recovery and world diesel markets are increasingly competitive. Without last year's strikes, the group could have delivered another £10m and might have made at least £3m more profit, partly because of lowered work-in-progress financing. The result would still have been below the 1978 profit but it would have justified the dividend. With a reasonable order book and an improved industrial relations climate, the company is optimistic that profits will return to a sensible level this year, although still not up to the 1978 figure. The shares fell 2p to 76p yesterday. The 12.1 yield is adequate but the fully taxed p/e of 13.5 seems a bit robust.

# Francis Sumner 48% lower

A DROP of 48 per cent from £693,466 to £359,395 in pre-tax profits is reported by Francis Sumner (Holdings) for 1979. Most operating companies—they include textiles, engineering, and plastics—performed below expectations says Mr. M. Maimann, the chairman.

This applied particularly to the second says Mr. M. Maimann, the chairm.

This applied particularly to the second half when profit fell to £37,168 (£288,573) as trading conditions worsened and margins came under pressure.

There was a tax credit of £146,216 (£299,313 charge), and the profit attributable was higher at £455,647 against £421,903, stated earnings per 10p share were up from 1.46p to 1.88p and the final dividend is down from 0.2918p to 0.1p, making the total 0.65p (0.7918p).

# McKechnie profits show £1.8m gain at midterm

DESPITE AN estimated loss of £½m in potential trading profits, as a result of the engineering dispute, pre-tax profits of McKechnie Brothers showed a £1.78m advance at £8.24m for the six months to January 31, 1980.

All geographical areas registered useful improvements, the revival of the South African economy and buoyant conditions in New Zealand being particularly helpful.

Mr. C. C. Taylor, chairman, says the rise in overseas earnings seem likely to continue and will compensate for the more difficult trading expected in the UK. "We shall be disappointed if we do not reach last year's profit of £15.12m," he states.

First-half earnings per 25p share put on 2p at 11p and the net interim dividend is held at 2p. The total payment last year was 6.93p.

| | Half-year 1979-80 £000 | 1978-79 £000 |
|---|---|---|
| Sales | 68,176 | 55,337 |
| Depreciation | 6,384 | 5,427 |
| Share of assoc. | 2,778 | 1,623 |
| Interest charges | 921 | 591 |
| Profit before tax | 8,241 | 6,459 |
| Tax | 3,353 | 2,503 |
| Minority profits | 144 | 133 |
| Net profit | 4,744 | 3,823 |

## ● comment

With South Africa booming out of recession, associate companies there contributed 70 per cent more to McKechnie Brothers, making up almost a third of operating profits. In contrast UK companies' profits were held back by £0.5m to around £5.5m, due to the engineering strike, with the severest setbacks coming in the steel division. The steel strike has had a depressing after-effect on new orders, more serious than any damage it inflicted directly. Second half growth is therefore likely to be slower, with perhaps up to £17m pre-tax profits in sight for the year. On that basis, the fully-taxed p/e would be 5.4. The historic yield on the last 12 months' payments is 10 per cent.

# Ellis and Goldstein slips back

REFLECTING lower margins, the pre-tax surplus of Ellis and Goldstein (Holdings), manufacturer of women's outerwear, declined from £1.82m to £1.66m in the year to January 31, 1980, on higher turnover of £40.85m against £35.69m.

Spring, 1980, retail sales are ahead of last year, and will be assisted by the re-establishment of the shops-within-store units at Debenhams, say the directors. But the autumn collections are being shown against a background of continuing inflation, high interest rates and caution by retail customers.

Earnings per 5p share, after tax of £581,000 (£421,000) and preference dividends, are down from 6.1p to 4.7p, but the net dividend is lifted to 2.3p (2.126499p) with a final of 1.3p.

Depreciation was £469,000 (£428,000) and interest took £111,000 (£72,000).



هكذا من الأصل

# UK COMPANY NEWS

## Expanding Linfood calls for £11.5m

Linfood Holdings, the wholesale cash-and-carry and retail food group, is asking shareholders for £11.5m to help finance an expansion programme to include a shopping centre near Swindon, Wiltshire.

The West Swindon District Centre, which will include a Carrefour hypermarket of 70,000 sq ft, requires a commitment of about £9m over the next two years. In addition, the group has tendered for another district centre and has options on two sites for hypermarkets in the South.

Linfood is proposing a rights issue on the basis of one for every four shares and one for every £6 of Convertible Unsecured Loan Stock, 1988-90, at 118p per share.

Guinness Peat, which controls a fifth of Linfood's equity, will subscribe for its full entitlement. The balance of the issue is being underwritten by Guinness Mahon.

Linfood's directors are forecasting a pre-tax profit of not less than £9.5m (£7.6m) for the year to April 26, 1980, struck after interest charges of £4m (£3.2m). They propose to pay gross dividends of 15.7143p, against 14.12p.

### ● comment

Joint brokers to the issue are Laing and Cruikshank and Sheppards and Chase.

Since the acquisition of Wheatsheaf in 1978 Linfood has been preoccupied with extensive reorganisation, the benefits of which have still to be fully realised. However, the evidence so far suggests that increased buying power and distribution economies are having the desired effect on margins although there is little chance of ever matching chains like ASDA or Tesco because of the high volume of low margin business from cash-and-carry and wholesaling (more than two-thirds of group sales). *Hence the emphasis on developing the retail side, in particular hypermarkets.* The rights issue is clearly necessary as current cash flow is insufficient to support such an ambitious expansion programme. The shares dropped 8p to 135p where the fully-taxed p/e is roughly ten on forecast profits and the yield 12.4 per cent.

## Modern Engineers

Pre-tax profits of Modern Engineers of Bristol (Holdings), erectors of industrial buildings, improved from £342,951 to £358,375 on turnover up from £8.51m to £8.76m in 1979.

After tax lower at £117,559 against £183,302, earnings per 25p share are 8.03p (5.32p), and the final dividend is effectively raised from 1.616p to 2p, making the total 3p (2.51p adjusted). With dividends absorbing £90,000 (£75,250), retained profit comes out at £150,816 against £84,399p.

## Pentland Industries up 27%

TAXABLE PROFITS of Pentland Industries, industrial holding company, moved further ahead in the second half of 1979 to finish the year 27 per cent higher at a record £1.03m, compared with £0.81m, on turnover up from £18.2m to £25.87m.

The directors consider the real growth rate greater than 27 per cent as the 1978 result included a contribution of £186,000 from the sold off 51 per cent subsidiary, Unicorn Foods. *First-half* profits had risen from £261,000 to £322,000.

The directors say the company is soundly based and the first quarter of 1980 shows satisfactory growth; continued progress is anticipated.

Yearly earnings per 10p share rose by 1.7p to 7.54p and the dividend total is increased from 0.8775p to 1.271p net, with a final of 1p.

*Tax charge was up from* £170,000 to £247,000 and there were minorities of £5,000 (£39,000). Extraordinary credits fell sharply from £936,000 to £8,000 and goodwill written off last time was £531,000.

The ultimate holding company is Robert Stephen Holdings.

## Hopkinsons

Accounts of Hopkinsons Holdings for the year to February 1, 1980 have been delayed, due to an industrial dispute at the Hopkinsons Ltd. subsidiary. On the basis of unaudited management accounts the directors expect trading profits to be significantly less than last year's, and higher *interest will cause a further* reduction at the pre-tax level. Mid-term taxable profits slumped from £2.13m to £0.79m. The figure for the last full year was £3.12m.

The dividend total is held at 5.65p, with a second interim of 4.15p net, and the directors report that outstanding order books of the major operational subsidiaries are satisfactory.

*The* company *manufactures* boiler mountings, valves, etc.

## Walter Lawrence

*FOR THE 18 months to the end* of 1979, Walter Lawrence, industrial holding company, recorded pre-tax profits of £2.22m on turnover of *£75.08m.* Figures for the previous year were £1.13m and £39.84m respectively.

Annualised earnings per 25p share advanced by 8.4p to 18.5p and the final dividend is 3.5p, making 10.5p for the 18-month period (5.8368p adjusted for 12 months).

*At December 31, 1979,* borrowings had been reduced from £8.01m to £6.91m and the directors expect a further reduction in the current.

They report that turnover and profits increased in all areas except Walaw Plant Hire, where a substantial loss was incurred. Walam has been restructured and an improvement is anticipated.

Construction results improved, reflecting the increased profitability on current contracts.

## Sheffield Twist

*With second-half pre-tax profits* falling from £917,000 to £652,000, Sheffield Twist Drill and Steel Company, a subsidiary of SKF Investments, reports figures for 1979 as a whole down from £2.36m to £2.08m.

There were extraordinary charges of £440,000 resulting from closure costs of its Dunstable factory and the net loss after disposing of its Australian subsidiary.

After tax £352,000 (£1.23m) stated earnings per 20p share are up from 4.1p to 6.3p, and a second interim dividend of 0.972p, in lieu of a final, makes the total 2.222p (2p).

Turnover for the year was up from £25.92m to £27.65m.

## Rush and Tompkins

With a sharp increase in trading profits from £225,000 to £1.02m, the taxable surplus of Rush and Tompkins Group rose to *£1.63m in 1979, against £1.17m.*

The surplus also includes improved net rents of £1.56m (£1.36m) but is struck after higher interest charges of *£639,000 (£122,000).*

A final dividend of 2.5p lifts the net total from 3.233p to 3.75p. Tax took *£422,000 (£131,000), and* attributable surplus was down at £356,000 (£940,000).

Earnings per 25p share are *shown as 10.1p (9.2p) and net* asset value, 327p (240p).

Activities of the group include property investment, residential *development, building and civil* engineering.



## BANK RETURN

| | Wednesday April 23 1980 | Increase (+) or Decrease (—) for week |
|---|---|---|
| **BANKING DEPARTMENT** | | |
| Liabilities | £ | £ |
| Capital | 14,553,000 | |
| Public Deposits | 28,478,634 | — 1,542,574 |
| Special Deposits | 215,575,000 | — |
| Bankers Deposits | 334,383,591 | — 60,713,807 |
| Reserve & other Accounts | 687,622,534 | + 62,452,555 |
| | 1,280,612,859 | + 196,174 |
| ASSETS | | |
| Government Securities | 719,941,810 | + 161,855,000 |
| Advances & Other Accounts | 370,161,141 | — 161,658,047 |
| Premises Equipment & Other Secs. | 166,705,335 | — 913,136 |
| Notes | 23,565,469 | + 927,871 |
| Coin | 239,104 | — 15,514 |
| | 1,280,612,859 | + 196,174 |
| **ISSUE DEPARTMENT** | | |
| Liabilities | £ | £ |
| Notes Issued | 10,025,000,000 | + 25,000,000 |
| In Circulation | 10,001,434,531 | + 24,072,129 |
| In Banking Department | 23,565,469 | + 927,871 |
| ASSETS | | |
| Government Debt | 11,015,100 | — |
| Other Government Securities | 7,321,102,391 | — 456,754,659 |
| Other Securities | 2,692,882,509 | + 481,754,659 |
| | 10,025,000,000 | + 25,000,000 |

## COMPANY NOTICES

**ANGLO AMERICAN GOLD INVESTMENT COMPANY LIMITED**

(Incorporated in the Republic of South Africa)

*NOTICE TO MEMBERS*

Notice is hereby given that the forty-third annual general meeting of members of Anglo American Gold Investment Company Limited will be held at 44 Main Street, Johannesburg on Wednesday June 4 1980 at 12h00 for the following business:

1. To receive and consider the annual financial statements for the year ended February 29 1980.

2. To elect directors in accordance with the provisions of the company's articles of association.

3. To consider and, if deemed fit, to pass, with or without modification, the *following* resolution as an ordinary resolution, namely:

"That the directors be and they are hereby authorised:

(i) To allot and issue all or any portion of the 247 988 unissued ordinary shares of R1 each and of the 35 000 00 unissued redeemable cumulative preference shares of 10 cents each in the capital of the company, at such time or times to such person or persons and upon such terms and conditions as they may determine.

(ii) To make arrangements on such terms and conditions as they may deem fit for the subscription by underwriters of:

(a) any shares in the company offered by way of rights issues but not taken up by the persons entitled thereto; and

(b) any shares resulting from the consolidation of any fractional entitlements in respect of any shares issued in pursuance of a rights issue, provided that any rights to such shares which can be sold in nil-paid form on The Johannesburg and/or London Stock Exchanges during the period which they are quoted on such stock exchanges may be sold by the underwriters, and the net proceeds of any sale of such rights shall be paid to the company."

*Holders of share warrants to bearer* wishing to attend the meeting in person or by proxy must comply with the regulations of the company under which share warrants to bearer are issued.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the company.

The transfer registers and registers of members of the company will be closed from May 26 1980 to June 4 1980 both days inclusive.

By order of the Board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per H. J. E. Stanley
Companies Secretary

London Office:
40 Holborn Viaduct
EC1P 1AJ

April 24 1980

**THE BROKEN HILL PROPRIETARY CO. LIMITED**

(Incorporated in the of Victoria)

The Broken Hill Proprietary Company Limited announces that a half yearly dividend will be paid on May 28, 1980, in Australian currency as follows:

(1) Twenty cents a share (being at the rate of 20 per cent per annum) on the 264,903,591 shares which constituted the issued capital of the Company as at Dec. 1, 1979, and,

(2) Ten cents a share (being at the rate of 10 per cent per annum) on those of the 29,727,544 new shares allotted of the 29,727,544 new shares allotted on Jan. 16, 1980, on which the a share payable not later than April 1, 1980, was received by the Company.

Resulting fractions of one cent in dividend entitlements will be paid to the next whole cent above.

The Books Closing Date fixed by the Company for the purpose of determining those shareholders entitled to participate in the dividend is April 28, 1980. Transfers will be accepted for registration until 5 p.m. on that date at the Company's share registers located at the following addresses:

Australia:
Melbourne, 140 William St.
Sydney, 20 O'Connell St.
Adelaide, 41-47 Currie St.
Brisbane, 344 Queen St.
Perth, 37 St. George's Tce
Canberra, Arthur Young & Company, 40 Marcus Clarke St.
Hobart, Perpetual Trustees and National Executors of Tasmania Limited, 29 Murray St.

UK:
London, 14 Hanover Sq.

**O.K. BAZAARS (1929) LIMITED**

(Incorporated in the Republic of South Africa)

NOTICE TO 6% SECOND CUMULATIVE PREFERENCE SHAREHOLDERS—
*DIVIDEND No. 83*

NOTICE IS HEREBY GIVEN that the half-yearly dividend of 3% has this day been declared payable on the 30th May, 1980, in the currency of the Republic of South Africa, to all holders of 6% Second Cumulative Preference Shares registered in the books of the Company at the close of business on the 9th May, 1980.

The usual non-resident shareholders' tax of 15% will be deducted where applicable.

The Register of Members will be closed in Johannesburg and London from 10th to 17th May, 1980, both days *inclusive, for the purpose of the above* dividend.

By Order of the Board.
J. B. PARNALL, Secretary.

Registered Office:
O.K. Building,
80, Eloff Street,
Johannesburg, 2001.
London Registrars:
Hill Samuel Registrars Limited,
6, Greencoat Place,
London SW1P 1PL.
23rd April, 1980.

**JARDINE, MATHESON & CO., LIMITED**

NOTICE

NOTICE IS HEREBY GIVEN that the transfer books and register of members of the Company will be closed from 28th April to 12th May 1980, both days inclusive, for the purposes of the final dividend and the free scrip issue recommended in respect of the year ended 31st December 1979.

The final scrip dividend with a cash *alternative of HK$0.60 per stock unit* will be paid on 28th June 1980 to stockholders on the register of members on 12th May 1980.

In order to qualify for the dividend and the free scrip issue, all transfers, accompanied by the relevant stock certificates, must be lodged with the company's registrars, Central Registration Hong Kong Limited, Gammon House, 1st Floor, Harcourt Road, Hong Kong, not later than 12.00 noon on 25th April 1980.

By order of the Board.
K. W. YOUNG
Company Secretary

Hong Kong
16th April 1980

**THE COLNE VALLEY WATER COMPANY**

NOTICE IS HEREBY GIVEN that the Transfer Books of the 9% Redeemable Preference Stock 1980 will be finally *closed on 7th May,* 1980 for the last Dividend payable on 1st June, 1980.

Dated this 25th day of April, 1980.
W. A. COSGROVE,
Secretary.

Blackwell House,
Aldenham Road,
Watford, Hertfordshire,
WD2 2EY.

**NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN DAI NIPPON PRINTING CO. LTD.**

We are pleased to confirm that copies of the Consolidated Financial Statements for the six months ended November 30, 1979 of Dai Nippon Printing Co. Ltd. and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

*Citibank branches in:*
London — Frankfurt
Brussels — Amsterdam
Paris — Milan
and in Luxembourg:
Banque Generale du Luxembourg.

CITIBANK, N.A.
as Depositary.

April 25, 1980.

## TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2191.

# Tootal setback to £14.6m

IN THE second six months of its trading year, Tootal, the thread and textiles group, fell further behind on the 1978-79 performance. Pre-tax profits for the year to January 31, 1980, were down £6.46m to £14.64m and sales slipped from £401.38m to £390.44m.

Trading conditions particularly affected parts of the group's UK textile activities and major restructuring and changes in marketing policy have been initiated. The related costs have been borne in the year's accounts while full benefit will not be felt until 1981-82.

There was a major setback in North America but corrective action here is beginning to yield results.

The year's result was also affected by the further strengthening of sterling.

An analysis of trading profits—down from £29.08m to £24.38m—shows: Sewing thread £13.25m (£15.19m), clothing £3.4m (£3.11m), other textiles £4.94m (£8.14m) and retail loss £0.16m (£1.51m profit); associates—Bradmill Industries £4.43m (£2.14m) and others £0.29m (£0.92m). Central expenses took £1.77m (£1.93m), while interest charges increased from £7.98m to £9.74m.

The final dividend is kept at 2.0415p net making a total of 3.1415p (3.0415p) from lower stated earnings of 5.2p (7.6p) per 25p share.

Tax was down from £6.98m to £3.62m.

See Lex

## Ben Bailey

BEN BAILEY CONSTRUCTION

Taxable profits of Ben Bailey Construction expanded from £164,788 to £272,431 in the six months to December 31, 1979, on turnover of £2.81m against £2.65m.

The interim dividend is stepped up from 0.33p to 0.44p net—last year a total of 1.2p was paid from pre-tax profits of £394,903.

After six months' tax of £141,520 (£85,689), earnings per 10p share are shown as 2.505p (1.514p).

## Flight Refuelling 28% higher

SECOND-HALF 1979 taxable profits of Flight Refuelling (Holdings) moved up from £0.97m to £1.29m giving a full year figure over 28 per cent higher at £2.45m, compared with £1.91m. Turnover of this maker of specialised equipment for the aircraft, nuclear and electronics industries, climbed from £11.05m to £15.85m.

With SSAP 15 adopted, tax for the year took £0.98m (restated £0.1m credit) and earnings per 25p share fell to 17.52p (23.96p). However, had no change in accounting for deferred tax been made, earnings would have been ahead at 13.7p (10.68p). The dividend total is effectively raised from 2.4p to 3.1p net, with a final of 1.95p.

### ● comment

Flight Refuelling has turned in a creditable performance even though its pre-tax margins slipped a couple of points. Although a breakdown of the group's activities is not available, defence-related business does account for a good third of its turnover. This may be useful in 1980 as the company benefits to increase defence spending from the Government's decision. The tax charge did rise sharply (because of SSAP 15) and this lowered attributable earnings by nearly 27 per cent. But the dividend, up 29 per cent, is covered almost six times. It yields only 1.8 per cent at 245p, up 6p and the fully taxed p/e of 17.4 would seem fairly high if if were not for the group's recent earnings growth record.

BIDS AND DEALS

# Glaxo Australian move blocked by government

BY REG VAUGHAN

GLAXO'S planned A$15m (£7.3m) takeover of F. H. Faulding, the Adelaide-based pharmaceuticals group, has been blocked by the Australian Government.

Glaxo confirmed in London yesterday that its expansion plan had been stopped by the Foreign Investment Review Board, following opposition from the South Australian State Government and Faulding's employees.

The State Government opposed the bid on the grounds that it would not be in the interests of the Australian pharmaceutical industry—94 per cent of which is already controlled by multinationals. The government was concerned that a takeover may jeopardise job opportunities in the State.

Faulding is currently involved in a joint bid with Commonwealth Serum Laboratories for the government-owned Fawnmac chemical group. This was unlikely to succeed if the Glaxo bid had gone through. A key part of the proposed sale of Fawnmac was that it be acquired by an Australian group.

The bid by Glaxo Australia met stiff resistance from the Faulding employees who set up a fund to fight it. They feared the loss of some of their jobs on the grounds that Glaxo was only interested in Faulding's products.

As part of the deal, Glaxo intended to sell off Faulding's wholesale operations to the Swiss-owned Zuellig Group, which has close links with Glaxo. The Zuellig purchase was to have been made in conjunction with Selpam (Australia), a privately-owned Australian investment company. This would have ensured that some 40 per cent of Faulding would be retained in Australia.

The Faulding employees had accepted that the bid for their company was inevitable and have expressed a preference to be taken over by Kiwi International, a locally-owned concern, which last year had been unsuccessful in its $10m (£5m) offer for Faulding.

The Faulding board, headed by Mr. W. F. Scammell, fully supported the Glaxo bid. The Scammell family controls about 20 per cent of the capital and is thought to be able to influence a further 15 per cent of the equity. The major independent shareholder is Kiwi with 20 per cent of the capital, and as Glaxo's offer was conditional on 90 per cent acceptance, it would have needed that company's approval.

## BOARD MEETING

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Kwik Save Discount, G. and G. Kynoch, R.C.F.

Finals—Allebone, Bremner, Clive Discount, R. H. Cole, Walter Duncan and Goodricke, Francis Industries, Futura, H. Goldman, Hammerson Property and Investment Trust, Hestair, Hoskins and Horton, Liberty, Scottish Ontario Investment, Stylo Shoes, Sunlight Services, Viking Resources Trust.

FUTURE DATES

Interims—

| | |
|---|---|
| Royal Bank of Scotland | May 8 |
| Whessoe | May 6 |

Finals—

| | |
|---|---|
| Atlas Electric and Genl. Trust | May 8 |
| Davies and Newman | May 1 |
| Energy Services and Electronics | Apr. 28 |
| Gordon (Luis) | Apr. 29 |
| Henderson (P. C.) | Apr. 30 |
| Marks and Spencer | May 7 |
| Shiloh Spinners | May 1 |

## BURNS PHILP AND HOFFNUNG

Burns Philp has purchased £851,000 of S. Hoffnung 12 per cent convertible unsecured loan stock 1985/90, about 36 per cent of the nominal amount outstanding, as it continues to fight Hoffnung opposition to its £17.5m cash takeover bid.

The loan stock is convertible into ordinary 25p shares on October 31 of any year until 1984 on the basis of one share per 104.9234p of stock.

Prior to the loan stock purchase, Burns Philp was believed to have attracted about 28 per cent of the shares with its 88p a share offer.

The terms of the loan stock purchase, par to the sellers excluding broker's commission, represent an increase over the terms of the proposal to holders made on April 12, which is contingent upon Burns Philp's offer for ordinary shares becoming unconditional. Thus, in accordance with Takeover Panel rules, the proposal terms are raised to £1 per £1 nominal value of stock.

The takeover bid expires on April 29.

## Australian expansion by Smiths Inds.

Smiths Industries is expanding its activities in Australia with the acquisition of the Efco Manufacturing Company for A$10m (£4.9m). The consideration will be satisfied in cash and by the issue of 2.38m new SI ordinary shares, and completion is expected to take place next Monday.

## Bid for Dunbee's DIY side

By Arnold Kransdorff

A MANAGEMENT bid for the D-I-Y division of Dunbee-Combex-Marx, which is in the hands of the Receiver, is to be launched with the help of a consortium of City institutions.

This was announced last night by the five executive directors of Martlet, the only part of DCM not to be put into Receiverships. Martlet's activities comprise the sale of fixing materials, cash and carry wholesaling of D-I-Y products and the importing and distribution of vinyl sheeting and plastic consumer products. ... ...

This move follows a decision by the Receiver, Mr. Paul Shewell of Coopers and Lybrand, to postpone the planned flotation of DCM's D-I-Y activities, which made about £1.2m in profits last year.

The offerers would intend to bring the company to the market in the next two to four years, the directors state. At that time preference will be given to the current DCM shareholders to subscribe to such an offer, they add.

The directors concerned are Mr. Basil Feldman, DCM's joint managing director, Mr. Peter Lewis, Mr. Stephen Fearson-Wilson, Mr. John Charlton and Mr. George Burnett.

## Drilling Tools at centre of bid contest

Drilling Tools North Sea, a small oil and gas industry service group, is at the centre of a City bid contest which involves Hambros Bank, the National Coal Board pension funds, Hedderwick Stirling Grumbar, stockbrokers, and Industrial and Commercial Finance Corporation.

Hambros and the pension fund acquired 35 per cent of the company in March and unveiled a bid for the remainder at £6.10 a share.

Mr. Charles Noble, a director of Hedderwick under whose auspices the company was floated in 1973, told shareholders as chairman of Drilling Tools, to take no action as talks were advanced with a third party.

Yesterday that party was revealed as ICFC, the industrial investment concern set up by the clearing banks and the Bank of England.

In an unusual move ICFC is bidding directly for Drilling Tools through a new wholly cloud. The terms of the bid are £6.50 in cash fo reach "B" share or one share in Plumcloud for every share, or any mixture of cash and shares.

Plumcloud has already bought 12.38 per cent of Drilling Tools and his irrevocable acceptances for its share offer from holders of another 20.82 per cent. It also has the backing of the Board which is recommending the offer.

If it is successful, Plumcloud would end up owning Drilling Tools which would then become a subsidiary of ICFC. But ICFC intends to reduce its holding below the level of control by placing shares, or, more probably, selling them to the new management of Plumcloud.

Under the complex arrangements the management would include Mr. Noble, Mr. Guy Brown, Drilling Tools' technical director, and Mr. Kenneth Craig, its general manager.

The total consideration involved in the bid is £2.23m

MINING NEWS

# Confident views from Amgold

BY KENNETH MARSTON, MINING EDITOR

AT THIS time of high uncertainty both in economic and political terms, one of the major questions exercising the minds of mining investors must be the near-term outlook for gold following its leap to a record $850 an ounce in January and the subsequent fall to under $500.

The nettle has been grasped by Mr. J. Ogilvie Thompson, chairman of Anglo American Gold Investment (Amgold), the major gold share investment company which had holdings worth R2.25bn (£1.25bn) at the end of February.

"I believe that there are sufficient inter-related and compensating elements in the intricate equation of supply and demand to ensure a relatively strong market for gold in the year ahead," he says. And in the long term he considers that "the perceived advantages of gold as a politically neutral and secure asset are bound to gain further ground."

Last year supplies of bullion to the market were about the same as in 1978. Despite a marginal fall in South African output to 702.8 tonnes from 704.5 tonnes—as a result of the mining of lower grade ore—western world production increased slightly. But there was a significant fall in Soviet sales and this was offset by International Monetary Fund and U.S. Treasury offerings.

The higher prices have depressed the demand for the metal from the jewellery trade and other fabricators and so Mr. Ogilvie Thompson points out that there will have to be a corresponding rise in "investment" demand if supplies to the market are to be absorbed this year at around current prices.

But he suggests that the supply position cannot be taken for granted, pointing to the lower Soviet sales, the recent absence of U.S. offerings and a reluctance to sell on the part of central banks in the light of the metal's effective remonetisation.

Meanwhile, gold at around $500 is still well above the 1979 average of $307 and a steady stream of sharply increased dividends continues to flow to Amgold. Unless there is to be a sudden collapse in the bullion price, the company seems set to well exceed last year's net record profit of R127.9m and to raise its own distribution accordingly. Thus the shares at £34 yield a relatively modest 8.6 per cent.

## ROUND-UP

Comalco, the Australian bauxite and aluminium producer in the Rio Tinto-Zinc group, had substantially higher profits in the 1980 first quarter than in the same period of 1979, Sir Donald Hibberd, the chairman, told the annual meeting. Results for this year will be an improvement on last year, he said.

* * *

Peko-Wallsend, the Australian metals group, is acquiring 75 per cent of Harringtons Metallurgists, the precious metals dealer and refiner.

* * *

Newmont Mining, the U.S. group, had 1980 first-quarter net profits of $82.09m (£36.25m) compared with $29.3m in the same period of 1979.

* * *

Sherritt Gordon Mines of Toronto earned C$10.9m (£4.08m) in the 1980 first quarter against C$8.3m in the 1979 first quarter.

## M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

| 1979-80 High | Low | Company | Price | Change | Gross Div (p) | Yield % | P/E |
|---|---|---|---|---|---|---|---|
| 99 | 80 | Airsprung | 83 | +2 | 6.7 | 10.6 | 3.7† |
| 50 | 26 | Armitage and Rhodes | 28 | — | 3.8 | 13.6 | 1.8† |
| 275 | 185 | Bardon Hill | 275 | — | 13.8 | 5.0 | 8.1† |
| 100 | 80 | County Cars 10.7% Pf. | 80 | — | 15.3 | 19.1 | — |
| 101 | 63 | Deborah Ord. | 96 | — | 5.0 | 5.2 | 10.5 |
| 112 | 88 | Frank Horsell | 112 | +1 | 7.9 | 7.0 | 7.0 |
| 129 | 98 | Frederick Parker | 101 | — | 12.8 | 12.7 | 4.8† |
| 156 | 102 | George Blair | 107 | — | 16.5 | 15.4 | —† |
| 70 | 45 | Jackson Group | 69 | — | 5.2 | 7.5 | 4.1† |
| 153 | 111 | James Burrough | 111 | — | 7.2 | 6.5 | 9.7 |
| 300 | 242 | Robert Jenkins | 282 | — | 31.3 | 11.1 | 9.0† |
| 232 | 175 | Torday | 221 | — | 14.3 | 6.5 | 5.8† |
| 34 | 11½ | Twinlock Ord. | 16 | — | 0.8 | 5.2 | 3.0† |
| 80 | 70 | Twinlock 12% ULS | 77 | — | 12.0 | 15.6 | — |
| 56 | 23 | Unilock Holdings | 48 | — | 2.6 | 5.4 | 10.2 |
| 58 | 46 | Unilock Holdings New | 46 | −1 | — | — | 9.8 |
| 99 | 42 | Walter Alexander | 94 | — | 4.4 | 4.6 | 6.2 |
| 192 | 136 | W. S. Yeates | 192 | +2 | 12.1 | 6.3 | 3.1† |

† Accounts prepared under provisions of SSAP 15.







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NORTH AMERICAN NEWS

# Marathon follows the trend

BY DAVID LASCELLES IN NEW YORK

MARATHON, the major independent oil company, extended the strong earnings gains reported by U.S. oil companies this quarter.

Net income was up by a third from \$104.5m or \$1.73 a share, to \$139.1m or \$2.30. However, the gain from operations was somewhat bigger than this because the comparable quarter included an extraordinary tax credit of \$23.6m.

All the improvement came from U.S. operations where net income more than doubled from \$53.2m to \$115.8m. Net income from abroad was more than halved to \$23.2m. The strength of the U.S. business came from rising oil prices brought about by deregulation. But outside the U.S., revenues were hit by a scharp drop in sales of refined products in Europe, from 74,200 barrels a day to 63,000 barrels.

Marathon's total revenues in thet quarter were \$2.27bn, up from \$1.47bn in

Earnings of Sohio, the BP affiliate rose in the first quarter by 169 per cent from \$167.5m or \$1.39 a share to \$450.7m ro \$3.67. Revenues rose from \$1.65bn to \$2.51bn.

Sohio is one of the few U.S. petroleum companies whose oil production is actually rising—because of Alaskan oil. Output in the quarter averaged 762,200 barrels a day up from 575,000 in the same period last year.

Tenneco has lifted earnings for the opening quarter from \$123m or \$1.17 a share to \$178m or \$1.62. Sales have increased from \$2.44bn to \$3.31bn.

The company earns about two-thirds of its profits from oil and natural gas pipeline operations, with the rest coming from construction equipment, farm machinery, shipbuilding, chemical and other manufacturing operations. A modest increase on last year's earnings of \$5.20 a share fully diluted has been predicted by analysts.

## Hoover optimistic on prospect for year

By Ian Hargreaves in New York

HOOVER, the electrical goods company, lifted net profits by 40 per cent in the first quarter of this year and does not appear to be too worried about the expected slowdown in consumer spending in the U.S. this year.

The company yesterday reported net earnings of \$7.3m, or 59 cents a share, for the quarter on sales which were 18 per cent higher at 215m. Earnings for the same period last year were \$5.14m or 39 cents a share.

Mr. Merle Rawson, chairman, pointing to sharply improved performance in the UK, Australia, Italy, Portugal, and South Africa, said he was optimistic about the prospects for both sales and earnings.

A new line of washing machines was selling well in the UK and there would be dry and vacuum cleaner product launches in the UK and cleaner launches in the U.S. later this year.

Last year, 32 per cent of the company's sales and 60 per cent of operating profits came from the U.S.

The gain in profits in the first quarter was made in spite of an unrealised foreign exchange loss of \$800,000.

## Standard Life in takeover deal with INA

By Our New York Staff

STANDARD Life of Indiana, the insurance company which has been trying to fight off an unwelcome take-over bid by Kaufman and Broad, the Californian home building and life insurance concern, appears to have found a white knight in the form of INA, one of the U.S. largest insurance companies.

INA and Standard announced yesterday a definitive agreement whereby INA will offer \$28 for each of Standard's 900,000 shares, giving the deal a value of \$25.2m.

This surpasses the \$23 per share offered by Kaufman and Broad via its Sun Life Insurance subsidiary last month.

Kaufman and Broad's offer was originally due to expire on April 14, but it was extended to April 25 after Standard mounted a number of legal obstacles. There was no immediate comment from Kaufman and Broad on the INA agreement.

# Schlumberger lifts profit by 49%

BY JOHN MAKINSON IN NEW YORK

A WORLDWIDE expansion in oilfield activity has pushed up the earnings of Schlumberger, the leading oil services group.

Net income rose 49 per cent to \$191m in the first quarter, while sales were up 55 per cent to \$1.16bn. The increases also reflect the acquisition of Fairchild Camera, which was consolidated from July 1 last year.

The growth in exploration activity has been accelerated by the threat of supply shortfalls in traditional production areas. Mr. Jean Riboud, Schlumberger's president, said the number of drilling rigs in North America reached an all time high in the first quarter.

Schlumberger dominates the market for wireline services, which measures the physical properties of underground hydrocarbon formations. This division set records for each month of the first quarter in North America.

Mr. Riboud noted that the first quarter of last year was unusually weak, with reported earnings per share the lowest since early 1978. He also warned that the first signs within Schlumberger of a slowdown in the U.S. economy are now appearing. Sales of electricity meters in the Sangamo Weston operations are being affected by the decline in housing starts.

The company said that revenues and order backlogs remain strong at Fairchild and Measurement and Control-Europe, but it declined to give any divisional figures.

The earnings rise failed to impress Wall Street and Schlumberger shares were marked down \$2½ to \$102¾ after the quarterly announcement.

# Revlon exceeds market hopes

BY OUR FINANCIAL STAFF

BOTH SALES and profits are above Wall Street forecasts at the end of the first quarter at Revlon, the leading retail cosmetic group. For the full year, earnings of \$5.25 a share, against \$4.60, and a sales growth of 15 per cent have been predicted by market analysts.

The opening three months have turned in net earnings of \$39.6m or \$1.18 a share, an increase of 14 per cent over the comparable period, with sales 16 per cent higher at \$430.4m.

Revlon said that while foreign exchange translations were insignificant this time, the 1979 figure was boosted by \$1m, or about 3 cents a share, by such translations.

About one half of the group's earnings still come from beauty product sales inside the U.S., with a further 12 per cent coming from such sales overseas. Fresh growth has been predicted from these operations, especially in the U.S. where the ranks of working women continue to increase. A major area is the health care field, where Revlon has invested heavily in both finance and management talent.

The news that foreign currency translations have had little effect in the first quarter of this year is comforting news for Revlon. The company is expected to maintain margins on domestic business although the outlook for the dollar has cast doubt over the international picture.

Revlon says it continued to achieve balanced growth in both its beauty and health care segments in the U.S. and abroad.

Domestic beauty business recorded sales increases in all three groups, while Revlon International continued its sales growth trend in all three of its regions.

The health care group had strong overall advances led by Ethical Pharmaceutical, Norcliff Thayer, Coburn Optical, National Health Laboratories and Barnes-Hind.

## McDonald's set for peak year

By Our Financial Staff

ANOTHER RECORD year is in prospect for McDonald's, food restaurants chain. Net earnings for the first quarter of the current year increased by almost 18 per cent, from last year's corresponding \$36.2m or 90 cents a share to \$42.6m or \$1.06 a share.

Revenues also showed the same improvement, from \$418.5m to \$493.4m.

Earnings for the whole of 1979 equalled \$4.69 a share, against \$4.01 previously, on revenues up 16 per cent at \$1.94bn. Market analysts are looking for per share profits of \$5.40 for the current fiscal year.

## Nabisco heads for record

By Our Financial Staff

NABISCO, THE leading domestic producer of biscuits and cakes, said that, following a strong first quarter, it is confident of chalking up record profits for the full year. The previous record was in 1978, when earnings were \$3.16 a share after a six cents extraordinary charge.

In the opening quarter, earnings have risen from \$22.5m or 70 cents a share to \$26.1m or 81 cents. Sales of \$605.8m compared with \$55.3m previously.

Earnings of \$3.80 a share have been forecast for this year by Wall Street analysts.

# Digital Equipment growth

BY OUR FINANCIAL STAFF

FURTHER GAINS in earnings and sales in the fourth quarter are forecast by Digital Equipment, the largest producer of minicomputers in the U.S.

The company yesterday reported earnings for the nine months ended March 29 of \$186.1m, or \$2.63 a share, on revenues of \$1.66bn, up from last year's corresponding earnings of \$116.7m, or \$2.70 a share, and revenues of \$1.27bn.

In fiscal 1979, Digital earned a record \$178.4m, or \$4.10 a share, on sales of \$1.8bn.

Digital said its incoming orders have remained just as strong as in the first two quarters of the year, and demand is still running ahead of internal forecasts. The company added it "has been actively working with its customers to minimise the impact of long lead times."

Strong customer demand from both end-user and original equipment manufacturer customers continued

## Bigger payout from Standard Brands

By Our Financial Staff

STANDARD BRANDS, a leading manufacturer of packaged consumer foods, has pushed earnings ahead by 15 per cent to 66 cents a share in the first quarter of this year. The quarterly dividend has been increased from 37 cents to 41 cents a share.

Total net is \$18.8m against \$16.3m, while sales of \$679m compare with \$572.6m a year ago.

The company expects to show steady improvement during the rest of the year. Wall Street analysts have forecast that earnings will rise to \$3.45 a share for 1980, from \$3.04 in the previous year.

A good year has been predicted for the group's consumer products which turn in some 83 per cent of total profits. Gains from international operations (about 36 per cent of profits) are expected to outstrip those from domestic business.

## New bank for Hong Kong

SINGAPORE — Bank of China, First National Bank of Chicago, Industrial Bank of Japan, and China Resources, signed an agreement yesterday to form a Hong Kong-based deposit-taking company, which will offer merchant bank services, according to an announcement released in Singapore.

The new company, CCIC Finance, will have a paid-up capital of HK\$10m (U.S.\$ ). Each bank partner will hold 30 per cent of the company, while China Resources will hold 10 per cent. CCIC will concentrate on promoting commerce and investment in the Pacific basin and among the shareholders' countries.

China Resources is the general agency in Hong Kong for various national import and export corporations of the People's Republic of China.

Reuter

# International Thomson dip

BY OUR FINANCIAL STAFF

INTERNATIONAL THOMSON Organisation, the Canadian holding company which takes in the former Thomson Organisation, earned a net £41.4m (\$95.2m) for 1979, against £44.1m in the previous year. Trading profit was higher at £172m against £146.5m, but the net total was reduced by a substantial increase in petroleum revenue tax at £73.3m compared with £32.4m in the previous year.

Sales of oil and gas jumped from £163.2m to £250.1m. Losses of the UK national newspapers were put at £39.3m (£1.3m).

## AMERICAN QUARTERLIES

| AMF | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 381.5m | 332.0m |
| Net profits | 11.8m | 10.7m |
| Net per share | 0.58 | 0.53 |

| ANCHOR HOCKING | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 201.8m | 182.4m |
| Net profits | 5.8m | 9.9m |
| Net per share | 0.57 | 0.98 |

| ANHEUSER BUSCH | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 869.7m | 739.1m |
| Net profits | 32.33m | 27.98m |
| Net per share | 0.71 | 0.62 |

| ASARCO | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 662.9m | 402.3m |
| Net profits | 134.1m | 37.3m |
| Net per share | 4.53 | 1.22 |

| AVON PRODUCTS | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 516.1m | 453.6m |
| Net profits | 40.2m | 38.9m |
| Net per share | 0.67 | 0.65 |

| BELL CANADA | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Net profits | 93.72m | 103.5m |
| Net per share | 0.55 | 0.65 |

| CAROLINA POWER & LIGHT | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 258.9m | 235.2m |
| Net profits | 49.39m | 44.09m |
| Net per share | 0.95 | 0.92 |

| COLGATE-PALMOLIVE | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 1.24bn | 1.08bn |
| Net profits | 51.0m | 38.8m |
| Net per share | 0.62 | 0.52 |

| COMBUSTION ENGINEERING | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 655.0m | 582.8m |
| Net profits | 21.0m | 18.0m |
| Net per share | 1.29 | 1.11 |

| CONSOLIDATED FOODS | 1980 | 1979 |
|---|---|---|
| Third quarter | \$ | \$ |
| Revenue | 1.29bn | 1.22bn |
| Net profits | 27.58m | 24.24m |
| Net per share | 0.68 | 0.78 |
| Nine months | | |
| Revenue | 3.96bn | 3.42bn |
| Net profits | 89.59m | 77.23m |
| Net per share | 2.85 | 2.49 |

| DILLINGHAM CORPORATION | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 300.7m | 251.6m |
| Net profits | 10.4m | 10.0m |
| Net per share | 0.80 | 0.73 |

| DUKE POWER | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 438.8m | 402.9m |
| Net profits | 87.45m | 80.81m |
| Net per share | 0.92 | 0.94 |

| GATX CORPORATION | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Net profits | 17.34m | 9.8m |
| Net per share | 1.34 | 0.77 |

| GENUINE PARTS CO. | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 324.8m | 11.83m |
| Net per share | 0.50 | 0.43 |

| GK TECHNOLOGIES | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 302.7m | 267.3m |
| Net profits | 20.4m | 10.64m |
| Net per share | 1.61 | 0.79 |

| HEUBLEIN | 1980 | 1979 |
|---|---|---|
| Third quarter | \$ | \$ |
| Revenue | 444.6m | 408.8m |
| Net profits | 16.6m | 14.0m |
| Net per share | 0.77 | 0.65 |
| Nine months | | |
| Revenue | 1.43bn | 1.32bn |
| Net aprofits | 62.2m | 52.3m |
| Net per share | 2.90 | 2.45 |

| MISSOURI PACIFIC | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 606.8m | 498.5m |
| Net profits | 40.5m | 30.5m |
| Net per share | 2.82 | 1.98 |

| PHILIP MORRIS | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 2.25bn | 1.9bn |
| Net profits | 138.03m | 109.82m |
| Net per share | 1.11 | 0.88 |

| NATOMAS | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 319m | 220m |
| Net profits | 48m | 18.3m |
| Net per share | 1.86 | 1.03 |

| NATIONAL STEEL CORPN. | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 1.16bn | 1.09bn |
| Net profits | 107.1m | 20.69m |
| Net per share | 5.63 | 1.08 |

| NL INDUSTRIES | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 505.6m | 419.4m |
| Net profits | 36.51m | 47.22m |
| Net per share | 1.07 | 1.42 |

| NORTON SIMON | 1980 | 1979 |
|---|---|---|
| Third quarter | \$ | \$ |
| Revenue | 704.5m | 684.4m |
| Net profits | 22.97m | 28.53m |
| Net per share | 0.47 | 0.53 |
| Nine months | | |
| Revenue | 2.2bn | 2.01bn |
| Net profits | 92.16m | 90.14m |
| Net per share | 1.88 | 1.82 |

| PANHANDLE EASTERN PIPELINE | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 657.2m | 487.1m |
| Net profits | 60.88m | 52.54m |
| Net per share | 3.26 | 2.88 |

| PUROLATOR | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 137.9m | 115.0m |
| Net profits | 1.76m | 4.31m |
| Net per share | 0.40 | 0.94 |

| RICHARDSON-MERRELL | 1980 | 1979 |
|---|---|---|
| Third quarter | \$ | \$ |
| Revenue | 289.3m | 268.0m |
| Net profits | 21.81m | 16.88m |
| Net per share | 0.92 | 0.72 |
| Nine months | | |
| Revenue | 935.1m | 848.2m |
| Net profits | 76.91m | 52.78m |
| Net per share | 3.24 | 2.23 |

| SHERWIN-WILLIAMS | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 284.7m | 257.1m |
| Net profits | 3.41m | 13,000 |
| Net per share | 0.65 | †0.05 |

† Loss

| TEXTRON | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 878.4m | 854.1m |
| Net profits | 38.04m | 41.77m |
| Net per share | 1.01 | 1.11 |

| TRW INC. | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 1.22bn | 1.06bn |
| Net profits | 47.9m | 43.8m |
| Net per share | 1.47 | 1.46 |

| U.S. GYPSUM. | 1980 | 1979 |
|---|---|---|
| First quarter | \$ | \$ |
| Revenue | 375.2m | 354.5m |
| Net profits | 25.58m | 31.99b |
| Net per share | 1.57 | 1.91 |



INTERNATIONAL BONDS

# Three more straight dollar issues launched

BY FRANCIS GHILES

A FURTHER three Eurodollar bonds have been launched to bring the total volume of such paper arranged since last Monday to \$350m. All three issues have fixed interest rates.

The French Railways, SNCF, which completed a \$50m fixed interest rate bond only last wek, is raising a further \$50m five-year bullet issue carrying a coupon of 12¾ per cent through Continental Illinois. The issue is underwritten by the managers and the price will be fixed in the light of market conditions.

The bond is unusual in that it is convertible at the holder's option every six months into a much longer 1995 debenture carrying a coupon of 10¾ per cent.

On the five-year bond issue there is no call option for seven years and the bonds are then callable at 102 reducing by ½ per cent per annum.

The Swedish Export Credit Corporation is arranging a \$40m five-year bullet issue carrying a coupon of 12¼ per cent an da price of 99½ through Morgan Stanley. The issue has been fully underwritten by the managers.

Swedish borrowers have now raised the equivalent of nearly \$1bn in Eurobond issues since the beginning of this year.

George Weston, a diversified Canadian company which owns among others the luxury London store of Fortnum and Masons is arranging a \$30m seven-year dollar bond through Hambros. The bonds have an average life of 5.9 years and carry a coupon of 13¼ per cent and a final price of 99½.

Prices of straight dollar bonds dropped by about ¼ of a point yesterday, in response to a rise in Eurodollar rates. The six-month Libor rate moved up ½ per cent to close at 15¾ per cent. Some of the bond issues completed during the last week or two suffered more than older issues as investors decided to take their profit and move into higher yielding paper.

Deutsche Mark and Swiss Franc foreign bond prices advanced a little yesterday. In the Swiss Franc sector, Kyokuyo Co. has arranged a SwFr 20m five-year private placement carrying a coupon of 7¼ per cent through Credit Suisse.

# Goodyear Tire holds steady

BY OUR NEW YORK STAFF

A DRAMATIC improvement in overseas operations has enabled Goodyear Tire and Rubber almost to offset plunging profits within the U.S. The company, the world's largest tyre manufacturer, reports a net income of \$50.7m for the first quarter. This is above the previous quarterly figure and only slightly below the \$54m earned in the first three months last year.

Earnings from international operations were \$42.4m, a sharp contrast to the \$800,000 loss recorded in the previous first quarter. Yet inflation and the dramatic fall in U.S. car production pared domestic income back to \$8.3m from \$54.8m.

The same pattern applied to sales, with the overall figure increasing fractionally from \$2bn to \$2.02bn and foreign operations pushing ahead strongly from \$733.3m to \$906.8m.

Foreign earnings were aided by a favourable \$17m swing in currency translations and exceptional tax benefits of \$9.5m.

The prospects are less favourable in the U.S., where Goodyear is expecting tyre and transportation-related markets to remain weak

The company's chairman, Mr. Charles J. Pilliod Jr., was more optimistic about the medium-term. He said he felt strongly that "once the industry's new fuel-efficient models are available in quantity, we will see a resurgence of demand in all domestic automotive lines."

# Strong half-year for Zapata

BY OUR FINANCIAL STAFF

STRONG GAINS for the first half of fiscal 1980 are reported by Zapata, the Houston-based supplier of diversified natural resource services and products. Net income was \$18.3m, or \$1.93 primary per share, compared with \$10.8m or \$1.19 for 1979's corresponding period.

Fully diluted income per share was \$1.78 compared with \$1.06 in the 1979 six month.

Revenues totalled \$292m, against \$242.3m previously.

Income included a gain of \$6.5m before tax from excess insurance proceeds over book value of an offshore drilling rig which capsized in February 1980. The 1979 income included a gain of \$4.1m before tax from excess insurance proceeds over book value of a dredge which sank in October 1978, and income from discontinued Canadian copper mining operations of \$2m, or 23 cents a share (primary).

Mr. R. C. Lassiter, Zapata' president and chief operating officer, said the results for the first half of the 1980 year benefited from dramatic improvements in its offshore drilling division, as well as significant gains in shipping, and construction and dredging businesses, while marine proteins results were about equal to last year's first half.

He added that performance of the marine service division was hampered by soft markets for U.S. flag vessels during the period, although they are expected to improve substantially in the remainder of the year. Coal results continued to reflect mining problems which increased production costs.

PERNOD RICARD

# Breaking into the American market

BY DAVID WHITE IN PARIS

"FRANCE'S ANSWER to the long drink" is now Mr. Patrick Ricard, chairman of Pernod Ricard, likes to describe his group's staple product, the characteristically French anis-based aperitif.

Since he took over less than two years ago, M. Ricard has set ne winternational ambitions for a group which has concentrated for a long time on the growth of its home market. A potent demonstration of this came this week with its $97.5m agreement to purchase the U.S. wine and spirits company Austin Nichols, in the midst of a takeover bid for the latter's parent group Liggett by Grand Metropolitan of the UK.

The takeover, which has still to be approved by U.S. authorities, marks a determined step into a market from which Pernod Ricard, France's largest spirits group, has until now been virtually absent.

The move should be seen in the context of the general assault which the French authorities are planning on the world food industry. BSN Gervais Danone, the country's biggest food company, has just taken over Sir James Goldsmith's French food manufacturing interests, has expanded its beer business to multinational proportions, and, after selling part of its glass business, still has about $230m in the kitty for a major foreign takeover.

By 1974, the French Government is hoping to double the FFr 6.75bn surplus the country achieved last year in the farm, food and drinks sectors. In the drinks industry, the major market hope is undoubtedly the U.S.

The example has been set, against all odds, by Source Perrier, the mineral water company which until 1974 belonged to the Harmsworth family. Backed by a massive advertising campaign through its U.S. subsidiary Great Water of France, Perrier has managed in three years or so to establish a firm place for its "champagne of table waters," a non-medicinal product which costs it virtually nothing to produce (what it in fact sells are bottles and transport). However, its U.S. success story has recently shown signs of losing momentum faced with competition from Schweppes and others.

**Pernod needs urgently to lift its share of the U.S. wine market with French consumption falling. Well over half of U.S. imports of still wine come from Italy with France providing just 17 per cent.**

In wine, the U.S. challenge has become a matter of necessity. Last year France had its largest wine harves for a century, and the French are, year by year, drinking less and less wine. Since U.S. consumption is rising faster than U.S. vineyards can cater for, this market provides the biggest potential. Although France's exports have been increasing, its share of the market has been decreasing, while Italy, with a head start in promotional efforts and brand images, has secured an increasingly comfortable first place—55 per cent of U.S. still wine imports last year, compared with just 17 per cent for France.

This decline has been underlined by the fact that since the first half of last year, the U.S. has been supplanted as the main client for French wine and spirits by the UK.

The largest of France's wine dealers, Société des Vins de France, which is mainly involved in the problematical table wines sector, is now for the first time contemplating a major effort in the U.S. interestingly, the company is 44 per cent-owned by Pernod Ricard.

Last year, Pernod Ricard adopted a policy of reinvesting its export profit in developing its distribution abroad. Up to now, only about 25 per cent of the group's sales—FFr 5.22bn last year—have been outside France, coming either from subsidiaries of Pernod and Ricard, the anis drink companies which merged in 1974 or from the group's specialised export company SEGM. These sales have been heavily concentrated in Europe.

The U.S. acquisition follows the same strategy that the group had already developed in countries such as Spain, Switzerland and the UK, buying up distributors and setting up production and import subsidiaries.

At the company's last annual meeting, M. Ricard set himself a target: to sell as much Pernod and Ricard abroad in 10 years' time as was sold in France in 1978.

Recent trends in the French anis drink business have hardly encouraged this kind of ambition. aLst year, while the volume of exports increased slightly to 34.9m bottles from 34.7m, their value dropped back to FFr 223m from FFr 229m. But industry representatives expect growth to resume, especially in overseas markets such as the U.S. At the moment, only 20 per cent of France's production goes abroad, and 80 per cent of this stays in Europe.

The traditional aperitifs made from anis and gentian bitters make up about half of the group's business. It has steadily built up its interests in other drinks sectors, including champagne, cider, whisky and wine-based aperitifs. It now has control of household names such as Dubonnet and Byrrh, in addition to its original Pernod. Ricard and Pasis 51. Its soft drinks activities—fruit drinks and a Coca-Cola franchise—have up to now been its Achilles heel.

But last year, after a productivity campaign and a more aggressive selling policy, it managed to bring these interests back into profit.

Overall operating profits showed a 35 per cent increase to FFr 459.6m, on sales growth of 13.5 per cent. Having spent FFr 150m last year on advertising campaigns abroad, Pernod Ricard is making no secret of where it sees its future.









# Montedison cuts loss as capacity improves

By Rupert Cornwell in Milan

MONTEDISON, THE major Italian chemical group, halved its operating loss last year from L265bn ($304m) in 1978, producing further evidence of its recovery.

The overall loss of L129bn was entirely due to losses of various subsidiaries, most notably the troubled fibres concern Montefibre, for which a L200bn recovery programme is awaiting final approval from the banks who will have to underwrite it.

While the parent company, Montedison SpA, achieved a 1979 operating profit of L23.4bn and asset sales brought in a further L54.3bn, the subsidiaries lost L208bn.

Montefibre lost L86.5bn last year, only slightly less than L90.3bn in 1978—despite a 30 per cent jump in sales to L323.5bn. Snia Viscosa, another major synthetic fibres company in which Montedison is the largest shareholder, is also deeply in the red.

Nonetheless, the group technically broke even in balance sheet terms following a L494bn revaluation of certain fixed assets, mainly in the energy sector. After covering its operating losses, the company allocated the remaining L363bn to a special reserve to cover future contingencies.

Yesterday's annual meeting formally marked the end of the three-year presidency of Sig. Giuseppe Medici. The vice president, Sig. Mario Schimberni, has been promoted to chief executive.

He in turn is replaced by Sig. Mario Mondello, essentially a government nominee. Sig. Mondello's appointment will preserve the delicate balance between public and private sector interests in the chemical group's controlling syndicate.

Montedison's improvement in 1979—well in line with the targets set out after the disastrous series of losses in the middle and late 1970s—reflects not only the group's efforts to rationalise, but the sector's new-found confidence.

Plant capacity utilisation last year reached 85 per cent, against 68 per cent in 1975. Signs show the trend continuing, with no firm evidence yet of the general slow down widely predicted.

Group sales in the first three months of 1980 rose 34 per cent to L2,382bn while parent company turnover jumped 39 per cent to L1,256bn.

But Sig. Medici warned that profits may not fully reflect this improvement. The price of oil, the chemical industry's basic raw material, has gone up very sharply, and the rise of the dollar against the lira had magnified the increase for Montedison.

# French chemical company out of red

By Terry Dodsworth in Paris

BUOYANT CONDITIONS in the world petrochemical industry last year pulled CdF Chimie, France's second-largest chemical company, out of the red after two years of heavy losses.

Consolidated turnover rose 47 per cent to FFr 10bn ($2.35bn), but only 13 points of this was due to volume increases and the rest from price rises.

CdF, which is owned by Charbonnages de France, the nationalised coal company, said that its performance was helped by its strong market position in petrochemicals and plastics along with its fertiliser activities. About 75 per cent of sales fall into these categories, which were among the most buoyant in the French industry last year.

The group is still suffering, however, from servicing the heavy debt needed for investment in its Dunkirk petrochemicals complex which went into operation about 18 months ago. Losses in this area proved a drain on the group as a whole, which finished the year with a modest consolidated profit of FFr 15m—although this compares with losses of FFr 262m in 1978 and FF 330m in 1977.

In an effort to pull Dunkirk activities into profit CoF has reopened talks with the Qatar Government on funding arrangements for Copenor, the subsidiary which runs the steam-cracker unit.

Copenor is funded largely by debt, and the company has run into problems because of the cost of servicing it. In addition extra capacity is needed to spread overheads over longer production runs but so far the funds have not been found for this necessary expansion.

M. Jacques Petitmengin, CoF chairman, refused to go into details yesterday on the talks with the Qatar Government, but he clearly holds out hopes that the partnership with Qatar will help pull Copenor around by improving its financial structure and ensuring long-term raw material supplies at the right price.

M. Petitmengin said that the group is also pushing ahead with its recovery plan by reducing its labour force and decentralising management. At the same time, CoF is continuing to expand overseas.

# Bayer poised to take full control of Agfa-Gevaert

BY GILES MERRITT IN BRUSSELS

AGFA-GEVAERT, the Belgian-German photographic giant, has plunged deep into the red with losses for 1979 of BFr 1.9bn ($64m). The slide follows lacklustre 1978 results, when profits were depressed by dollar exchange rate problems and stood at BFr 321m against BFr 80m the year before.

For 1979, though, the main problem has been spiralling silver prices. The rising cost of silver is seen inside the group as a phenomenon that will pass, but its disruptive effects are forcing structural changes on the somnolent giant of the European photographic industry.

## Flemish

Last February Agfa-Gevaert announced that its 16-year 50:50 joint ownership by West German Agfa, part of Bayer, and Belgium's Gevaert is being changed to 60:40 in Bayer's favour. Recapitalisation needs aggravated by the silver crisis yielded DM 200m ($111m) from Bayer but nothing from Belgian shareholders whose stake was thus diluted down to a minority.

That alone has already caused a storm of criticism inside Belgium, for Gevaert is a touchy symbol of Flemish industrial know-how. Yesterday, however, when unveiling the group's 1979 figures, M. Andre Leysen, chairman, further revealed that within two years Agfa-Gevaert may well become a wholly-owned Bayer subsidiary.

A further DM 200m capital injection is required before April, 1982, and if the shareholders of the Belgian side of the transnational group, Gevaert Photo-Producten of Antwerp (GPP), fail to subscribe their 40 per cent share, then Bayer's Agfa will have a put call right that would gain it 10 per cent of Agfa-Gevaert.

Now that Mr. Leysen has made it clear that such a development is being considered as "an option," the future of the Belgian-German film and photographic concern which ranks number two in the world behind Kodak is certain to become a hotly argued political issue

The larger shareholders in Gevaert are the backbone of Belgium's Flemish business world, ranging from Kredietbank to the Boerenbond agricultural organisation and from Antwerp's Mercator insurance group to Flanders' BAC Christian trades union savings bank. The likelihood is that strong pressure will be exerted on these concerns to subscribe the capital injection and so save Agfa-Gevaert from West German dominion.

**The ending of the 1964 transnational merger that created Agfa-Gevaert, the world's number two photographic group, was signalled yesterday as a possible solution to the group's worsening financial position.**

Mr. Leysen's decision to reval matters well in advance of the two-year deadline may well be a calculated bid to enable a rescue operation to be launched, although he points out in private that there are barriers to a "Belgian solution" mounted by the Government, while use of state funds would have the effect of further diluting the Belgian shareholders' stake in Agfa-Gevaert.

These, however, are comparatively minor details. The group's future seems to rest more fundamentally on whether from a management point of view the delicate relationship between the Belgian and German sides of the company really adds up to a viable partnership, and whether the earnings outlook for Agfa-Gevaert is truly bright.

Sales during the first quarter of this year were up almost 20 per cent by volume over the same 1979 period and Mr. Leysen says, after choosing his words carefully, that he is "firmly aiming at a return to profit in 1980."

His overrading problem is costs, for 90 per cent of Agfa-Gevaert's output is in high wage Belgium and Germany, with the further disadvantage that both countries' currencies whittle down profits in the dollar export markets that take 69 per cent of all sales.

Much of the new capital to be injected into Agfa-Gevaert is to be spent on manufacturing plant outside Europe. In addition to its existing U.S. operation in New Jersey, the group is to spend $25m on a plant at Huntsville, Alabama, and is also scrutinising Far East locations.

But Agfa-Gevaert, with its 1979 sales of BFr 56.8bn, arguably needs more than an international investment programme to make its recovery complete. Kodak is three and a-half times the size of the EEC group, while the world's number three photographic concern, Fuji of Japan, is on present performance set to overhaul Agfa-Gevaert with a sales curve that since 1972 has been rising steeply.

## Research

The breakthrough that Agfa-Gevaert needs is in research. For in the late-1950s Belgium's Gevaert reached the pinnacle of its success with its DTR transfer copying system, although within year Xerox made that obsolete. The 5 per cent of earnings now ploughed back into research, though, is reckoned inside the company to be too thinly spread between such high technoligy fields as X-rays and the highly competitive office equipment business.

The answer might well be much closer links with Bayer and its extensive chemicals research facilities, for despite the Agfa-Gevaert marriage of 1964 such co-operation has been limited. But the cost of moving closer to Bayer is, of course, the end of what was Europe's first transnational merger.

# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on April 24

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Alcoa of Australia 10 89 | 60 | 87¼ | 97¾ | −0⅛ | −1⅛ | 12.34 |
| Alex Howden XW 9½ 91 | 30 | †70 | 71 | +0½ | +3½ | 15.13 |
| Australian Res. 9⅞ 84 | 30 | 90⅞ | 91⅛ | −0½ | −0½ | 12.39 |
| Avco O/S Cap. 10½ 87 | 40 | †76 | 76½ | −1⅛ | −0½ | 15.52 |
| Beneficial Fin. 9¼ 87 | 100 | 88¼ | 88¾ | −0½ | −1 | 12.21 |
| CECA Grad. Rate 12 86 | 100 | 92½ | 93¼ | +0⅛ | −1¼ | 13.86 |
| CECA 11⅝ 90 | 50 | 91⅝ | 92⅞ | +0⅛ | +1⅛ | 13.05 |
| Canadian Pacific 9⅛ 89 | 50 | 89 | 89½ | −0⅛ | +0½ | 11.73 |
| Carter Hawley 9¾ 88 | 50 | 89⅛ | 89⅝ | −0⅛ | −0⅛ | 12.28 |
| Comalco Inv. E. 10¼ 91 | 40 | 88½ | 88⅝ | 0 | −1⅛ | 12.19 |
| Continental Grp. 9⅞ 86 | 100 | 89½ | 89⅞ | +0½ | +2 | 12.08 |
| Dome Petroleum 10 94 | 50 | 81½ | 82 | −0⅛ | −2½ | 12.84 |
| Dominion Bridge 10¼ 84 | 30 | 91⅛ | 91⅝ | −0⅞ | −1⅛ | 13.05 |
| EIB 11¼ 92 | 80 | 91⅞ | 92⅜ | −0⅛ | −0⅞ | 13.12 |
| EIB 10.15 99 | 100 | †82¾ | 84 | −1⅛ | −0⅛ | 12.88 |
| Ekportfin 11¼ 87 | 50 | 94¾ | 95¼ | +0⅛ | −0⅛ | 12.36 |
| Export Dv. Cpn. 9⅛ 84 | 100 | 90⅝ | 91⅛ | −0⅛ | −1⅛ | 12.34 |
| Export Dv. Cpn. 9⅜ 84 | 150 | 91⅝ | 92⅛ | −0½ | −1¼ | 12.23 |
| Finland 9⅛ 89 | 100 | 84½ | 85 | −0¼ | +0⅛ | 12.84 |
| GTE Finance 9¾ 89 | 55 | 85⅜ | 85¾ | −0½ | −1⅛ | 12.47 |
| GMAC 9⅜ 86 | 100 | 88⅞ | 88⅝ | 0 | −1 | 12.02 |
| GMAC O/S Fin. 11 84 | 100 | 95⅞ | 95⅜ | −0⅛ | −0½ | 12.32 |
| Gould Int. Fin. 9⅞ 85 | 50 | 90⅝ | 91⅛ | −0⅛ | +1⅞ | 12.34 |
| ITT Antilles 9½ 89 | 75 | 85⅞ | 86⅜ | +0⅛ | +1⅞ | 12.11 |
| Kennecott Int. 9½ 86 | 100 | 86⅛ | 86⅝ | −0⅜ | −0½ | 12.87 |
| Manitoba 9½ 89 | 75 | 85½ | 86 | −0⅛ | +0⅛ | 12.20 |
| Michelin 10 94 | 125 | 86⅛ | 86⅝ | −0⅛ | −2⅛ | 12.02 |
| Nat. Des. Telecm. 9½ 86 | 100 | 89½ | 90 | −0⅛ | +0½ | 11.93 |
| New Brunswick 9¾ 94 | 75 | 82⅞ | 83⅜ | −0⅛ | −1⅛ | 12.34 |
| Newfoundland 10 94 | 50 | 87⅞ | 88⅜ | 0 | −0½ | 11.77 |
| Norges Komm. 9⅞ 99 | 100 | 83 | 83½ | −0½ | −1⅛ | 12.50 |
| Norway 9½ 84 | 150 | 93 | 93½ | −0⅛ | +0⅛ | 11.70 |
| Nova Scotia Pwr. 9¾ 89 | 30 | 86 | 86½ | −0⅛ | −0⅞ | 12.35 |
| Occidental Fin. 10¼ 84 | 50 | 90½ | 91 | −0½ | −1¼ | 13.30 |
| Pennwalt O/S F 9¾ 84 | 25 | 92 | 92½ | −0⅛ | −1⅛ | 12.25 |
| Pepsico Cap. 9¼ 84 | 100 | 92 | 92½ | 0 | +0⅛ | 11.85 |
| Quebec Hydro 10 99 | 75 | 81⅞ | 82⅜ | −0⅛ | −1⅛ | 12.53 |
| Sears Roebuck 9 82 | 150 | 93⅜ | 93⅞ | −0⅛ | −1⅛ | 13.13 |
| Statoil 9⅜ 89 | 100 | 87¼ | 87¾ | −0½ | −1¾ | 11.90 |
| Sweden 9⅜ 89 | 100 | 88¼ | 88¾ | −0½ | 0 | 11.90 |
| Sweden 9½ 86 | 200 | 90 | 90½ | −0⅛ | +0⅞ | 12.17 |
| Sweden 9¾ 84 | 100 | 93⅛ | 93⅝ | −0⅛ | −0½ | 11.76 |
| Unilever NV 9¼ 87 | 100 | 87⅜ | 87⅞ | −0⅛ | −0½ | 11.88 |
| Warner-Lambert 9 84 | 100 | 89¾ | 90¼ | −0⅛ | −1⅞ | 12.16 |

Average price changes.. On day −0¼ on week −0½

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 8¼ 90 | 250 | 91⅜ | 91⅞ | +0½ | +1 | 9.62 |
| Asian Dev. Bk. 7¾ 89 | 100 | 88 | 88½ | +0⅛ | +3⅛ | 9.15 |
| African Dev. Bk. 8 87 | 100 | 98¼ | 99 | 0 | 0 | 8.33 |
| Barclays O'seas 6¾ 89 | 100 | 88 | 89 | 0 | +0⅛ | 8.64 |
| BFCE 7¾ 87 | 100 | 94⅜ | 95⅛ | 0 | +2⅛ | 8.73 |
| BFCE 8⅛ 95 | 100 | 93⅞ | 94⅜ | +0⅛ | +1⅛ | 8.89 |
| Brazil 8 87 | 150 | 91⅝ | 92⅜ | +0½ | +3¾ | 9.56 |
| CECA 7 91 | 150 | 89½ | 90⅜ | −0⅛ | +1⅛ | 8.45 |
| Council of Eur. 7¾ 89 | 100 | 90⅛ | 90⅞ | +0¼ | +1 | 8.82 |
| Denmark 7⅞ 86 | 100 | 94¾ | 95¼ | +0¼ | +2½ | 8.95 |
| Denmark 8¾ 92 | 100 | 94¼ | 95¼ | +0⅛ | +3½ | 8.98 |
| FEC 7⅞ 94 | 225 | 94 | 94½ | +0¼ | +1⅝ | 8.56 |
| EIB 7½ 89 | 200 | 93⅜ | 93⅞ | 0 | +1⅞ | 8.55 |
| Finland Rep. of 8 86 | 150 | 96 | 97 | +0¼ | +2⅞ | 8.70 |
| Kobe, City of 7¼ 89 | 150 | 89 | 89½ | +0⅛ | −0¼ | 8.82 |
| Neder. Gasunie 8 86 | 100 | 97⅞ | 98⅜ | −0¼ | +3½ | 8.34 |
| New Zealand 7⅛ 87 | 200 | 91⅞ | 92⅜ | 0 | +1½ | 8.57 |
| Norges Komm. 7¾ 91 | 150 | 94⅜ | 95⅜ | +0⅛ | +2⅜ | 8.47 |
| Norway 7½ 85 | 250 | 96⅞ | 97⅜ | 0 | +0⅛ | 8.21 |
| OKB 7⅜ 89 | 100 | 90⅞ | 91⅜ | +1 | +2⅞ | 8.76 |
| Oslo, City of 8¾ 90 | 80 | 97⅞ | 98⅜ | +0⅛ | +2⅛ | 9.02 |
| World Bank 7¾ 91 | 400 | 92 | 92½ | +0½ | +0⅛ | 8.84 |
| World Bank 7⅞ 30 | 250 | 93⅛ | 94⅛ | +0¼ | +0⅛ | 8.85 |

Average price changes.. On day +0⅛ on week +1⅛

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Argentina 5½ 89 | 80 | 91⅛ | 91½ | ∓0⅛ | +2⅛ | 6.79 |
| Aumar 5 89 | 60 | 92 | 92½ | +1 | +2 | 6.12 |
| Australia 3⅞ 89 | 250 | 89 | 89½ | +0½ | +0⅛ | 5.15 |
| Bergen, City of 4¾ 91 | 40 | 89 | 89½ | +0½ | +2½ | 6.10 |
| BNDE 5 89 | 75 | 86 | 86½ | +0¼ | +3⅞ | 7.07 |
| BMW Overseas 4¾ 91 | 100 | 91 | 91½ | +0½ | +2 | 5.28 |
| Caisse Nat. Tele. 4⅛ 89 | 100 | 90½ | 91 | 0 | 0 | 5.68 |
| CCCE 5¼ 90 | 100 | 99 | 99¼ | −0⅛ | +0⅞ | 5.87 |
| Copenhagen 4½ 91 | 80 | 84¾ | 85¼ | 0 | +2⅛ | 6.38 |
| Council of Eur. 5 89 | 100 | 91 | 91½ | +0¼ | +3½ | 6.24 |
| EIB 4½ 91 | 100 | 87½ | 88 | +0¼ | +2½ | 6.04 |
| EIB 4⅛ 94 | 100 | 85¼ | 85¾ | +0½ | +4 | 5.90 |
| Elet. de France 4½ 89 | 100 | 93½ | 93¾ | +1⅞ | +3⅛ | 5.28 |
| GZB 4¼ 89 | 100 | 88½ | 89 | +0½ | +2 | 5.82 |
| Hilti 4½ 91 | 35 | 89½ | 90 | 0 | +0⅛ | 5.47 |
| Int.-Amer. Dev. 4½ 89 | 100 | 88 | 88½ | +2 | +3 | 6.20 |
| Jutland Tele. 5½ 90 | 50 | 100 | 100½ | +0⅛ | +2⅞ | 5.45 |
| Malaysia 5 89 | 80 | 87 | 87½ | +0¼ | +0⅛ | 6.87 |
| Nippon Tel. & T. 4¾ 89 | 100 | 91½ | 92 | 0 | 0 | 5.38 |
| Nordic Bank 5 89 | 45 | †96½ | 97 | +2 | +4 | 5.45 |
| Norges Komm. 4⅞ 91 | 100 | 87¾ | 88¼ | +1⅛ | +2⅛ | 5.84 |
| OKB 3¾ 91 | 100 | 82½ | 83 | +0⅛ | +1 | 5.94 |
| OKB 4⅛ 91 | 100 | 86¾ | 87¼ | +0½ | +0⅛ | 5.97 |
| OKB 6 90 | 100 | 101¼ | 101¾ | +0⅛ | +1⅞ | 5.80 |
| Oslo, City of 4⅛ 91 | 100 | 86¼ | 86¾ | 0 | +2½ | 6.03 |
| Shikoku El. Pwr. 4¾ 89 | 100 | 93½ | 94 | −0⅛ | −0⅛ | 5.63 |
| Stewag 4¾ 91 | 60 | 93½ | 94 | +3½ | +2¾ | 5.51 |
| Voest-Alpine 4¾ 89 | 90 | 94½ | 95 | 0 | +1½ | 5.50 |
| World Bank 4⅛ 89 | 100 | 92½ | 93 | +1 | +2⅛ | 5.65 |
| World Bank 4⅜ 89 | 150 | 88 | 88½ | −1 | +0⅞ | 6.04 |
| World Bank 4⅝ 91 | 100 | 88½ | 89 | +1 | +3 | 6.00 |

Average price changes... On day +0½ on week +1⅛

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Australia 5.6 85 | 30 | 86⅞ | 87⅞ | +0⅛ | +2⅞ | 10.07 |
| Australia 6½ 88 | 20 | 79 | 80 | 0 | +1⅛ | 10.38 |
| EIB 7¼ 89 | 12 | 87½ | 89½ | 0 | −0⅛ | 9.66 |
| Finland 5.6 83 | 10 | 86½ | 87½ | +0⅛ | +1⅛ | 10.21 |
| Finland 6.8 88 | 10 | 80 | 81 | +0¼ | +2⅛ | 10.51 |

Average price changes... On day +0⅛ on week +1⅞

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Avco Fin. 10⅞ 86 C$ | 25 | 78¾ | 79¼ | 0 | +1⅛ | 15.61 |
| Bell Canada 10¼ 86 C$ | 80 | 88⅞ | 89⅛ | 0 | +2 | 13.33 |
| Cr. Foncier 10⅜ 84 C$ | 30 | 86 | 87 | −0½ | +0⅛ | 14.71 |
| Ex. Dev. Cpn. 10 84 C$ | 50 | 91¾ | 92¼ | +0⅛ | +4⅛ | 12.63 |
| Fst. Can. Inv. 10 84 C$ | 50 | 90 | 90½ | −0⅛ | +3½ | 13.23 |
| Hudson Bay 10½ 89 C$ | 60 | 85¾ | 86¼ | −0½ | +4⅛ | 13.26 |
| Quebec 10¼ 86 C$ | 50 | 87 | 89 | +0⅛ | +1⅞ | 13.26 |
| R. Bk. Canada 10 86 C$ | 40 | 87⅝ | 88⅛ | −0½ | +1⅛ | 13.01 |
| R. Bk. Canada 10 94 C$ | 40 | 81¼ | 82¾ | +1⅛ | +4 | 12.82 |
| Copenhagen 8¾ 91 EUA | 20 | 91¼ | 93 | 0 | +1⅝ | 9.88 |
| M. Bk. Dnmk. 9 91 EUA | 25 | 92½ | 94 | 0 | +1½ | 9.99 |
| SOFTE 8¾ 89 EUA | 40 | 83 | 84¼ | +0⅛ | +0⅞ | 11.24 |
| U. Bk. Nrwy. 9½ 90 EUA | 18 | 98¾ | 98 | 0 | −0⅛ | 9.92 |
| Algemene Bk. 8¾ 84 Fl | 75 | 96⅜ | 96⅞ | 0 | +0⅞ | 9.19 |
| Ned. Gasunie 8⅝ 84 Fl | 50 | 96½ | 97 | +0⅛ | +1½ | 9.71 |
| Ned. Middbk. 8¾ 84 Fl | 75 | 95 | 95½ | 0 | +1 | 8.75 |
| Norway 8⅛ 84 Fl | 100 | 95⅛ | 95⅝ | −0⅛ | +1¼ | 9.68 |
| Norway 8⅛ 84 Fl | 100 | 94⅞ | 95¼ | 0 | +0⅞ | 9.62 |
| Philips Lamps 8¼ 84 Fl | 75 | 95⅜ | 95⅞ | 0 | +0⅛ | 9.72 |
| Air France 11 84 FFr | 120 | †93 | 94 | +0½ | 0 | 12.99 |
| CECA 14¼ 85 FFr | 150 | †102¾ | 103¾ | +0⅛ | +0⅛ | 13.41 |
| Euratom 9¾ 87 FFr | 180 | 83¾ | 84¾ | 0 | −0⅛ | 13.43 |
| Finland 11 84 FFr | 80 | †93 | 94 | 0 | +0½ | 12.95 |
| Finland 11½ 89 FFr | 70 | †89¾ | 90¾ | +0⅛ | +1⅝ | 13.34 |
| Gaz de France 11 84 FFr | 150 | 93 | 94 | +0½ | +0⅛ | 12.94 |
| IBM France 11⅞ 84 FFr | 120 | †94 | 95 | +0½ | −0⅛ | 13.49 |
| Renault 9⅞ 85 FFr | 100 | 84⅞ | 85⅞ | +1⅛ | +1⅞ | 13.85 |
| Saint-Gobain 9¾ 86 FFr | 130 | 83⅝ | 84⅝ | +0⅛ | −0⅛ | 13.77 |
| Solvay et Cie 9¾ 87 FFr | 125 | 81½ | 82½ | +0⅛ | −0⅛ | 13.94 |
| Citicorp O/S 13½ 90 £ | 50 | 93¼ | 93¾ | 0 | −0⅛ | 14.77 |
| EIB 11½ 91 £ | 25 | 87½ | 88¼ | +0⅛ | +1 | 13.86 |
| Finance for Ind. 13 91 £ | 15 | 92 | 92¾ | −0⅛ | +0⅛ | 14.41 |
| Fin. For Ind. 12½ 89 £ | 30 | 88⅛ | 89⅛ | +0⅛ | −0⅛ | 14.79 |
| Fin. for Ind. 14½ 88 £ | 20 | 98¼ | 98¾ | 0 | +0⅛ | 14.81 |
| Gen. Elec. Co. 12½ 89 £ | 50 | 90¾ | 91¼ | 0 | −1 | 14.39 |
| Indonesia 8¾ 91 KD | 7 | †93 | 93½ | 0 | 0 | 9.75 |
| Mitsubishi 7½ 84 KD | 10 | †89⅜ | 90⅜ | 0 | 0 | 10.46 |
| Norges Kom. 7½ 89 KD | 12 | †93⅜ | 93⅞ | 0 | 0 | 8.54 |
| Occidental 8¾ 91 KD | 7 | †90⅛ | 90¾ | 0 | 0 | 9.68 |
| Akzo 9¼ 87 LuxFr | 500 | 90 | 91 | +0⅛ | +0½ | 11.16 |
| Euratom 8 87 LuxFr | 500 | 85 | 86 | −0⅛ | −0½ | 11.11 |
| Euratom 9¾ 88 LuxFr | 500 | 96⅛ | 97⅛ | 0 | +0⅛ | 10.34 |
| EIB 9⅝ 88 LuxFr | 600 | 95⅞ | 96⅞ | 0 | +0⅛ | 10.44 |
| Volvo 9¾ 87 LuxFr | 500 | 95¼ | 96¼ | +0⅛ | +1 | 10.57 |

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| Allied Irish Bk. 5¼ 87 | 0¼ | 97¼ | 97¾ | 2/7 | 15⅛ | 15.61 |
| Banco di Roma Int. 6 87 | 0¼ | 98¾ | 99¼ | 26/4 | 15⅝ | 15.91 |
| Bank of Ireland 5¾ 89 | ‡0¼ | 98⅛ | 98⅝ | 21/5 | 18⅛ | 18.39 |
| Bank of Tokyo 5¾ 89 | ‡0⅛ | 97⅛ | 97⅝ | 25/4 | 14.56 | 14.96 |
| Barclays O/S Inv. 5 90 | 0¼ | 97⅛ | 97⅝ | 13/6 | 14⅛ | 14.63 |
| Bergen Bk. A/S 6 89 | ‡0¼ | 97 | 97½ | 29/5 | 17¼ | 17.74 |
| Bque. Indo Suez 5⅜ 89 | 0¼ | 97⅜ | 97⅞ | 11/7 | 14.69 | 15.05 |
| Citicorp O/S F. 6 94 | ‡0⅛ | 98¾ | 99¼ | 8/8 | 18.81 | 19.03 |
| Citicorp O/S F. 83 | §‡0 | 99 | 99½ | 23/5 | 16.06 | 16.18 |
| Citicorp O/S F. 84 | ‡0 | 99 | 99½ | 30/5 | 16.94 | 17.07 |
| C. Itoh 5½ 87 | 0¼ | 99½ | 100 | 18/9 | 19.44 | 19.49 |
| Co-operative Bk. 6 86 | 0⅛ | 97¾ | 98¼ | 15/5 | 15.06 | 15.37 |
| Creditanstalt 5½ 91 | §‡0¼ | 99 | 99½ | 14/8 | 18.44 | 18.58 |
| CNT 5¼ 86 | §0¼ | 99½ | 100 | 16/10 | 18⅛ | 18.17 |
| GZB 5½ 89 | ‡0⅛ | 98 | 98½ | 1/5 | 14⅞ | 14.80 |
| Jugobanka 8 89 | 0⅞ | 91⅜ | 92⅜ | 23/5 | 16 | 17.34 |
| Ind. Bank Japan 5¼ 87 | 0¼ | 99½ | 100 | 15/10 | 18⅜ | 18.80 |
| LTCB Japan 5¼ 85 | 0⅛ | 97⅜ | 98⅛ | 13/6 | 14½ | 14.54 |
| LTCB Japan 5½ 89 | 0⅛ | 96⅜ | 97¼ | 7/8 | 14.19 | 14.63 |
| Mfrs. Han. O/S 5⅛ 94 | ‡0⅛ | 98⅜ | 99⅜ | 30/5 | 17⅛ | 17.30 |
| Midland Intl. Fin. 5 89 | 0⅛ | 99¼ | 99¾ | 20/6 | 15 | 15.08 |
| Nacional Fin. 6¼ 86 | 0¼ | 98 | 98½ | 25/7 | 14.69 | 14.95 |
| Nat. West. 5¼ 94 | §0¼ | 99 | 99½ | 11/10 | 18⅝ | 18.77 |
| Nippon Credit 6⅛ 86 | 0⅛ | 96½ | 96⅞ | 12/7 | 14.44 | 14.94 |
| Nippon Credit 5¼ 87 | ‡0¼ | 97½ | 98 | 8/5 | 14.69 | 15.03 |
| Royal Bk. Scot. 5¼ 94 | §‡0¼ | 99¼ | 99¾ | 11/7 | 19½ | 19.62 |
| Soc. C. d Bque. 6½ 87 | 0¼ | 100 | 100½ | 3/10 | 20.06 | 20.01 |
| Sogenal 5⅜ 89 | §0⅛ | 97⅛ | 97⅝ | 13/7 | 14.44 | 14.83 |
| Standard Chart. 5¼ 90 | 0¼ | 99⅛ | 99⅝ | 6/9 | 17¼ | 17.38 |
| Sweden 8⅛ 91 | ‡0⅛ | †97¼ | 97¾ | 16/10 | 18⅛ | 19.10 |
| TVO Pwr. 9 91 (D-lock) | 0⅛ | †96½ | 97 | 24/5 | 15.31 | 15.83 |
| Williams & Glyn 5⅛ 91 | 0¼ | 99⅜ | 99⅞ | 14/6 | 18½ | 18.57 |
| Bq. E. d'Alg. 4¾ 89 SF | 0⅛ | 90 | 90½ | 18/6 | 6.69 | 7.40 |

Average price changes... On day 0 on week +0⅛

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| AGA Akt'bolag 7¾ 89 | 10/79 | 145 | †106 | 107 | +1 | −10.61 |
| Ajinomoto 7¾ 95 | 2/80 | 618 | 92⅞ | 93⅜ | +1½ | 1.50 |
| Alco Int. Fin. 9½ 94 | 1/80 | 40 | 87¼ | 89½ | +0⅛ | 33.24 |
| Asahi Optical 7 94 | 11/78 | 605 | 90¾ | 91¾ | +2 | 15.79 |
| Canon 6⅛ 94 | 8/79 | 570 | 97¾ | 98¾ | +1⅛ | 2.90 |
| Ciba-Geigy O/S F. 4 94 | 9/79 | 675 | †71 | 73 | +0½ | 2.48 |
| Credit Suisse 4¾ 93 | 10/79 | 1325 | 93⅛ | 94⅞ | +2½ | −1.37 |
| Daiei Inc. 6½ 94 | 11/79 | 1020 | 93½ | 94½ | +0½ | 43.04 |
| Enserch Fin. 9½ 94 | 7/80 | 30.25 | 101½ | 102¼ | +0¼ | 10.94 |
| LPC Internatnl. 8 89 | 9/78 | 23.33 | †95½ | 97 | +2 | 24.75 |
| Meidensha Elec. 7 94 | 12/79 | 210 | 93⅞ | 94⅞ | −0⅛ | 20.33 |
| Mitsubishi Cp. 6½ 94 | 10/78 | 604 | 120½ | 121¾ | +1 | 10.67 |
| Nippon Seiko 7¾ 94 | 12/78 | 339 | †104½ | 105½ | −0¼ | −1.28 |
| Nitto Elec. Ind. 6 94 | 7/79 | 735 | 71 | 72¼ | +0⅞ | 2.85 |
| Toshiba Cpn. 7¾ 94 | 10/79 | 198 | 91⅛ | 92⅛ | +0¼ | 3.42 |
| Union Bk. Switz. 5 99 | 2/80 | 125 | 91¼ | 92¼ | +2 | −6.88 |
| Fujitsu 5 84 DM | 7/78 | 475 | 95½ | 96½ | +0⅛ | 19.47 |
| Kansai Elec. 4 84 DM | 4/79 | 1234 | 85 | 86 | +0⅛ | 64.03 |
| Tokyu Ld. Co. 4 85 DM | 4/78 | 498 | 75⅛ | 76⅛ | +0⅛ | 51.29 |
| Uny Co. 6½ 85 DM | 11/79 | 1071 | 90⅛ | 90⅝ | 0 | 49.82 |

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

JAPANESE SECURITIES HOUSES

# Fall in bond market hits profits

BY YOKO SHIBATA IN TOKYO

Japan's four major securities houses, Nomura, Nikko, Daiwa, and Yamaichi, suffered falls in operating profits averaging 38 per cent in the half year to March. The setback was blamed on an heavy decline in the bond market and occurred despite the brokerage income from stock transactions reflecting a boom in the stock market.

| | Revenue | | Operating profits | | Net profits | |
|---|---|---|---|---|---|---|
| | Ybn | % change | Ybn | % change | Ybn | % change |
| Nomura | 99.76 | −6 | 28.31 | −29 | 15.47 | −24 |
| Nikko | 57.22 | −13 | 15.23 | −39 | 7.7 | −43 |
| Daiwa | 49.92 | −12 | 7.74 | −50 | 4.26 | −49 |
| Yamaichi | 47.2 | −15 | 6.58 | −54 | 4.09 | −46 |

The three houses other than Nomura had been hit by their bond division setbacks in the half year to September and deficits on bond transaction expanded further in the period ended March.

Fo rexample, the 6.1 per cent Government bond, considered an indicator of the Japanese bond market, which was traded at Y88 in the beginning of the half, had fallen to Y77 in March. Losses on trading bonds were Y7.2bn ($28.8m) for Nikko; Y6.9bn for Daiwa; and Y7.4bn for Yamaichi.

Nomura achieved Y1bn of profits on bond trading, helped by its large brokerage income, of Y2.5-Y3bn per month, and by a reduction in its hond holdings.

Commission income on stock transactions, however, fared well, generally on the strength of brisk turnover in the stock market. Income in the six months was 52.2 per cent of the total for the previous full year for Nomura; 52.5 per cent for Nikko; 56 per cent for Daiwa; and 53.9 per cent for Yamaichi.

Commission income on stock transactions for Nomura and Daiwa were at the record levels of Y55.7bn and Y30bn, respectively.

The market shares of the houses in the total stock transactions on the first section of the Tokyo Stock Exchange, was 15.7 per cent for Nomura; 11 per cent for Nikko; 10 per cent for Daiwa; and 9.7 per cent for Yamaichi.

For the full year, ending September, the securities houses forecast that the bond market will continue dull, although there has been a slight recovery recently. Commission income on stock transactions is not expected to increase as much as in the first half.

## Compensation for Japanese SMON victims

TOKYO — Three drug companies, Seikayu, Takeda Chemical Industries, and Ciba Geigy, have accepted full responsibility for the outbreak of the nerve paralising disease, SMON, an acronym for subacute-myeco-optico-neuropathy, and have agreed to pay nearly $5m in compensation to 47 people in Japan suffering from its effects.

The agreement, reached at an appellate court in Sapporo, northern Japan, provides for lump sum payments of Y13.5m to Y47.8m ($55,000 to $190,000) to each SMON sufferer. The settlement, the fourth of its kind, comes more than eight years after the first court action against the three companies for marketing the intestinal drug quinoform.

An estimated 11,000 people in Japan have been designated SMON victims after taking Quinoform, a drug prescribed by doctors and dispensed by hospitals for stomach disorders.

In addition to the lump sums, the companies have agreed to pay Y60,000 to Y100,000 monthly to eight people in the advanced stages of the disease.

They have also agreed to pay $4,000 as "condolence money" to the families of six people who died. There are no accurate figures for the amount of compensation paid in the past, but the cost is expected to run eventually into hundreds of millions of dollars.

AP-DJ.

## Peico Electronics lifts earnings

BY R. C. MURTHY IN BOMBAY

PEICO ELECTRONICS AND ELECTRICALS, the former Philips India, raised its pre-tax profits by 26.3 per cent in 1979, to Rs 137.4m ($16.7m), from Rs 106.3m in 1978. The gain resulted from a changed range of products and controls on costs, the company said. The dividend was increased by 17 per cent from 16 per cent.

Last year was the concern's first of Indian company status. Philips, of Holland, which had a majority interest in Philips India, has taken steps to bring down its equity stake to 40 per cent, in line with the Foreign Exchange Regulation Act (FERA). The process will be completed when Philips transfers 724,000 equity shares to public financial institutions in India, under an agreement reached with the Government. The name of the company was changed last year.

Pre-tax profits equalled 13.3 per cent of sales, against 11.8 per cent in 1979. Sales exceeded Rs 1bn for the first time, touching Rs 1.03bn, ($125m), to show a gain of 14.3 per cent over 1978. The major product groups which contributed to the higher sales were radio, electronic components, lighting and light components, electronic systems, and welding accessories.

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The company introduced digital instruments and high frequency oscilloscopes to the Indian market. The laboratory development work connected with the machine monitoring and supervisory systems, which pieco obtained an industrial licence to manufacture, is expected to be introduced in 1980. The company proposes to produce high pressure sodium vapour lamps for the first time in India.

## Nugan Hand HK suspends repayments

By Anthony Rowley in Hong Kong

NUGAN HAND (Hongkong), the locally-incorporated deposit-taking arm of the Nugan Hand group has ceased repaying deposits as they mature, the managing director of the Hong Kong operation, Mr. John McArthur said yesterday.

## Frasers well ahead

By Jim Jones in Johannesburg

FRASERS, the South African soft goods and building materials chain with 322 stores, has reported a 31.1 per cent net earnings advance to R2.6m ($3.2m) for the six months to March 31, 1980 from R 1.99m for the previous first half.

Mr. Donald Campbell, the chairman, expects the trend to continue during the second half following the stimulation to consumer spending by the South African budget in March.

He does warn however, that current low interest rates which have helped profits, will not last indefinitely, and inflation is bound to have an adverse affect on the group's overheads.

## Harper Gilfillan recovery

BY WONG SULONG IN KUALA LUMPUR

HARPER GILFILLAN Berhad, the Malaysian-based South-East Asian trading and manufacturing group, has reported a second consecutive year of steady progress, marking a recovery after several years of setbacks.

Pre-tax profits for the year to December rose by 17 per cent to 10.7m ringgit (US$4.7m), on a turnover which increased by 16 per cent to 508m ringgit (US$220m). The dividend is maintained at 20 per cent.

Recently, Harper Gilfillan Berhad announced that it was completing plans to comply with the requirements of the Malaysian Government's New Economic Policy.

As part of the scheme, a new company, Harper Gilfillan N.V., incorporated in the Netherlands Antilles by three major shareholders of Harper Gilfillan Berhad, is offering to buy all the shares of Harper Gilfillan, not held by it, at the price of 5.25 ringgit a share in cash.

The new holding company will then split the operations geographically, into four — Peninsula Malaysia, Sabah, Singapore and Hong Kong. At a later stage, the Peninsula Malaysia and Sabah operations will merge into a single company, quoted on the Kuala Lumpur Stock Exchange and with substantial Malaysian equity.

# WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 23, 1980. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Afghanistan | Afghani (O) | 44.00 |
| Albania | Lek | 4.4651 |
| Algeria | Dinar | 3.8325 |
| Andorra | French Franc | 4.2712 |
| | Spanish Peseta | 70.745 |
| Angola | Kwanza | 27.627 |
| Antigua | E. Caribbean $ | 2.7025 |
| Argentina | Argentine. Peso | 1759.50 |
| Australia | Australian $ | 0.9124 |
| Austria | Schilling | 13.0775 |
| Azores | Portug. Escudo | 49.825 |
| Bahamas | Bahamian $ | 1.00 |
| Bahrain | Dinar | 0.3778 |
| Balearic Isles | Spanish Peseta | 70.745 |
| Bangladesh | Taka | 15.641 |
| Barbados | Barbados $ | 2.01 |
| Belgium | B. Franc (C) | 29.40 |
| | B. Franc (F) | 30.21 |
| Belize | Belize $ | 2.00 |
| Benin | C.F.A. Franc | 213.56 |
| Bermuda | Bda $ | 1.00 |
| Bhutan | Indian Rupee | 8.0256 |
| Bolivia | Bolivian Peso | 25.00 |
| Botswana | Pula | 0.7239 |
| Brazil | Cruzeiro | 48.24 |
| Brit. Virgin Isles | U.S. $ | 1.00 |
| Brunei | Brunei $ | 2.221 |
| Bulgaria | Lev | 0.879 |
| Burma | Kyat | 6.7271 |
| Burundi | Burundi Franc | 90.00 |
| CamerounRepub'c | C.F.A. Franc | 213.56 |
| Canada | Canadian $ | 1.1791 |
| Canary Islands | Spanish Peseta | 70.745 |
| Cape Verde Isle | Cape V. Escudo | 36.51 |
| Cayman Islands | Cay. Is. $ | 0.835 |
| Cent. Af. Emp. | C.F.A. Franc | 213.56 |
| Chad | C.F.A. Franc | 213.56 |
| Chile | Chilean Peso (O) | 39.00 |
| China | Renminbi Yuan | 1.5474 |
| Colombia | Col. Peso (O) | 45.86 |
| Comoros Islands | C.F.A. Franc | 213.56 |
| Congo (Brazzaville) | C.F.A. Franc | 213.56 |
| Costa Rica | Colon | 8.57 |
| Cuba | Cuban Peso | 0.7235 |
| Cyprus | Cyprus Pound | 0.371 |
| Czechoslovakia | Koruna (O) | 5.26 |
| Dem.Rep. S'Tome & Principe | S. Tome Dobra | 35.2414 |
| Denmark | Danish Krone | 5.734 |
| Djibouti Rp. of | Djibouti Franc | 174.524 |
| Dominica | E. Caribbean $ | 2.7025 |
| Dominican Repub. | Domin'can Peso | 1.00 |
| Ecuador | Sucre | 28.10 |
| Egypt | Pound (5) | 0.6925 |
| El Salvador | Colon | 2.50 |
| Equatorial Guinea | Ekuele | 70.745 |
| Ethiopia | Birr (O) | 2.0655 |
| Faroe Islands | Danish Krone | 5.734 |
| Falkland Islands | Falkland Is. £* | 2.262 |
| Fiji Islands | Fiji $ | 0.8417 |
| Finland | Markka | 3.78 |
| France | French Franc | 4.2712 |
| French C'tyin Af. | C.F.A. Franc | 213.56 |
| French Guiana | Local Franc | 4.2712 |
| French Pacific Is. | C.F.P. Franc | 76.9231 |
| Gabon | C.F.A. Franc | 213.56 |
| Gambia | Dalasi | 1.864 |
| Germany (East) | Ostmark (O) | 1.832 |
| Germany (West) | Deutschemark | 1.832 |
| Ghana | Cedi | 2.75 |
| Gibraltar | Pound* | 2.262 |
| Gilbert Is. | Aust. $ | 0.9124 |
| Greece | Drachma | 42.05 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Greenland | Danish Krone | 5.734 |
| Grenada | E. Caribbean $ | 2.7025 |
| Guadaloupe | Local Franc | 4.2712 |
| Guam | U.S. $ | 1.00 |
| Guatemala | Quetzal | 1.00 |
| Guinea Bissau | Peso | 34.3679 |
| Guinea Republic | Syli | 19.2253 |
| Guyana | Guyanese $ | 2.5177 |
| Haiti | Gourde | 5.00 |
| Honduras Repub | Lempira | 2.00 |
| Hong Kong | H.K. $ | 4.985 |
| Hungary | Forint (O) | 34.00 |
| Iceland | I. Krona | 429.70 |
| India | Ind. Rupee | 8.0256 |
| Indonesia | Rupiah | 625.00 |
| Iran | Rial | 71.50 |
| Iraq | Iraq Dinar | 0.2953 |
| Irish Republic | Irish Punt * | 2.0265 |
| Israel | Israeli Pound (4) | 42.695 |
| Italy | Lira | 853.62 |
| Ivory Coast | C.F.A. Franc | 213.56 |
| Jamaica | Jamaican Dollar | 1.7835 |
| Japan | Yen | 247.28 |
| Jordan | Jordan Dinar | 0.3045 |
| Kampuchea | Riel | n.a. |
| Kenya | Kenya Shilling | 7.5324 |
| Korea (Nth) | Won | 0.94 |
| Korea (Sth) | Won | 585.00 |
| Kuwait | Kuwait Dinar | 0.274 |
| Lao P'pls D. Rep | Kip of Lib. | 400.00 |
| Lebanon | Lebanese Pound | 3.4805 |
| Lesotho | Rand | 0.8072 |
| Liberia | Liberian $ | 1.00 |
| Libya | Libyan Dinar | 0.2961 |
| Liechtenstein | Swiss Franc | 1.711 |
| Luxembourg | Lux Franc | 29.40 |
| Macao | Pataca | 5.206 |
| Madagascar D. R. | MG Franc | 213.56 |
| Madeira | Portuguese Escudo | 49.825 |
| Malawi | Kwacha | 0.8135 |
| Malaysia | Ringgit | 2.28 |
| Maldive Islands | Mal Rupee | 3.93 |
| Mali Republic | Mali Franc | 427.12 |
| Malta | Maltese Pound | 0.3342 |
| Martinique | Local Franc | 4.2712 |
| Mauritania | Ouguiya | 42.712 |
| Mauritius | M. Rupee | 7.9882 |
| Mexico | Mexican Peso | 22.81 |
| Miquelon | French Franc | 4.2712 |
| Monaco | French Franc | 4.2712 |
| Mongolia | Tugrik (O) | 3.3555 |
| Montserrat | E. Caribbean $ | 2.7025 |
| Morocco | Dirham | 3.8702 |
| Mozambique | Moz. Escudo | 28.4925 |
| Namibia | Rand | 0.8072 |
| Nauru Is. | Aust. $ | 0.9124 |
| Nepal | Nepalese Rupee | 12.00 |
| Netherlands | Dutch Guilder | 2.0172 |
| NetherlandAntilles | Antillian Guild | 1.80 |
| New Hebrides | Aust. $ | 0.9124 |
| | FNH | 69.0239 |
| New Zealand | NZ $ | 1.0521 |
| Nicaragua | Cordoba | 10.00 |
| Niger Republic | C.F.A. Franc | 213.56 |
| Nigeria | Naira (O) | 0.5503 |
| Norway | Norwg. Krone | 5.0055 |
| Oman, Sultanate of | Rial Omani | 0.3456 |
| Pakistan | Pkst. Rupee | 9.91 |
| Panama | Balboa | 1.00 |

| COUNTRY | CURRENCY | VALUE OF DOLLAR |
|---|---|---|
| Papua N. Guinea | Kina | 0.71 |
| Paraguay | Guarani | 137.50 |
| Peoples D. Repub. of Yemen | S. Yemen Dinar | 0.3415 |
| Peru | Sol | 270.24 |
| Philippines | Ph. Peso | 7.40 |
| Pitcairn Islands | NZ.$ | 1.0521 |
| Poland | Zloty (O) | 31.00 |
| Portugal | Port. Escudo | 49.825 |
| Port Timor | Timor Escudo | n.a. |
| Puerto Rico | U.S. $ | 1.00 |
| Qatar | Qatar Ryal | 3.678 |
| Reunion Ile de la | French Franc | 4.2712 |
| Romania | Leu | 4.47 |
| Rwanda | Rwanda Franc. | 92.84 |
| St. Christopher | E. Caribbean $ | 2.7025 |
| St. Helena | Sterling* | 2.262 |
| St. Lucia | E. Caribbean $ | 2.7025 |
| St. Pierre | Fr Franc | 4.2712 |
| St. Vincent | E. Caribbean $ | 2.7025 |
| Samoa American | U.S. $ | 1.00 |
| San Marino | Italian Lira | 853.62 |
| Saudi Arabia | Saudi Riyal | 3.3285 |
| Senegal | C. F. A. Franc | 213.56 |
| Seychelles | S. Rupee. | 5.893 |
| Sierra Leone | Leone. | 0.8842 |
| Singapore | Singapore $. | 2.221 |
| Solomon Islands | S.I. $ | 0.9124 |
| Somali Republic | Som. Shilling | 6.0241 |
| South Africa | Rand | 0.8072 |
| Spain | Peseta. | 70.745 |
| Spanish ports in North Africa | Sp. Peseta. | 70.745 |
| Sri Lanka | S. L. Rupee | 15.65 |
| Sudan Republic | Pound (2) | 0.50 |
| Sudan Republic. | Pound (1) | 0.80 |
| Surinam | S. Guilder | 1.80 |
| Swaziland | Lilangeni | 0.8072 |
| Sweden | S. Krona | 4.312 |
| Switzerland | Swiss Franc | 1.711 |
| Syria | Syrian Pound | 3.9262 |
| Taiwan | New Taiwan $ (O) | 36.00 |
| Tanzania | Tan. Shilling | 8.2893 |
| Thailand | Baht | 20.50 |
| Togo Republic | C.F.A. Franc | 213.56 |
| Tonga Islands | Pa'anga | 0.9124 |
| Trinidad & Tob | Trin. & Tob. $ | 2.4063 |
| Tunisia | Tunisian Dinar | 0.4151 |
| Turkey | Lira | 74.75 |
| Turks & Caicos | U.S. $ | 1.00 |
| Tuvalu | Australian $ | 0.9124 |
| Uganda | Ug. Shilling | 7.5234 |
| United Arab Emir. | UAE Dirham | 3.7228 |
| United Kingdom | £ Sterling | 2.262 |
| Upper Volta | C.F.A. Franc | 213.56 |
| Uruguay | Urug. Peso (m) | 8.70 |
| U.S.S.R. | Rouble | 0.6623 |
| Vatican | Italian Lira | 853.62 |
| Venezuela | Bolivar | 4.2937 |
| Vietnam N. | Dong (O) | 2.18 |
| Virgin Islands U.S. | U.S. $ | 1.00 |
| Western Samoa | Samoan Tala | 0.9593 |
| Yemen | Rial | 4.57 |
| Yugoslavia | New Y. Dinar | 20.7203 |
| Zaire Republic | Zaire Zaire | 2.0372 |
| Zambia | Kwacha | 0.6935 |
| Zimbabwe | Zim $ | 0.6935 |

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Israeli Government are changing their currency to Shekels. However dealers are currently quoting in pounds.

CORRECTION NOTICE

It was incorrectly stated that the rates published in the Bank of America World Value of the Dollar table on March 28 and April 11 were those ruling at March 19. The dates should have read March 26 and April 9, respectively. The Financial Times apologises to its readers for these errors.



# $ & £ steady

The dollar and sterling showed little overall change in uncertain foreign exchange trading yesterday. The U.S. currency was unchanged at SwFr 1.7000 against the Swiss franc, and eased to DM 1.8180 from DM 1.8225 in terms of the D-mark. It also declined slightly against the Japanese yen, to Y244.00 from Y244.75. Trading spreads on the French franc were generally wide throughout the day, with the dollar falling to FFr 4.2390 from FFr 4.2540. The dollar's trade-weighted index, as calculated by the Bank of England, fell to 87.4 from 87.7.

Sterling's index, on Bank of England figures, was unchanged at 73.5, after falling to 73.3 in the morning, but recovering to 73.5 at noon.

The pound was volatile in early trading, with selling orders from the Middle East following the decision of Saudi Arabia to take diplomatic action against the UK. Sterling opened at $2.2730-2.2750, the highest level of the day, and fell to a low of $2.2540-2.2550 very early, before settling down at $2.2600-2.2650 for most of the day, and closing at $2.2650-2.2660, a rise of 10 points on the day.

**D-MARK—Slightly improved within the European Monetary System and showing a stronger tendency against the dollar, after a weakness caused by expectation of a continuing balance of payments deficit in Germany, and effects of anti-inflation measures and higher interest rates in the U.S.**—The D-mark improved against most of its EMS partners and other major currencies at the Frankfurt fixing. The Belgian franc rose to DM 6.2510 from DM 6.2350, but other EMS currencies lost ground with the French franc, strongest member of the system, falling to DM 42.90 per 100 francs from DM 42.93. The two weakest EMS currencies, the Danish krone and Italian lira, fell to DM 31.95 per 100 krone from DM 32.02 and DM 2.1290 per 1,000 lira from DM 2.1310. The Bundesbank bought $14m when the dollar was fixed at DM 1.8140, compared with DM 1.8420, but central bank intervention was not heavy in the open market. Sterling fell to DM 4.1160 from DM 4.1540.

**ITALIAN LIRA—Erratic within EMS, and falling to bottom of the system in recent weeks, after rising to the top during February**—The lira showed mixed changes against major currencies, improving against the dollar, sterling and the Swiss franc, but losing ground in terms of most EMS currencies at the Milan fixing. The D-mark rose to L469.85 from L469.10, and the French franc to L201.80 from L201.40. The Belgian franc and Dutch guilder also improved, but the Danish krone eased to L150.24 from L150.35. The dollar fell to L852.05 from L864.30 at the fixing, sterling to L1,932.30 from L1,940.80, and the Swiss franc to L501.89 from L503.78.

**DANISH KRONE—Remaining weak within EMS and suffering two devaluations during the last year**—The krone weakened against most EMS currencies at the Copenhagen fixing. The Irish punt fell to DKr 11.67 from DKr 11.6875, but other members of the system gained ground against the krone. Outside the EMS the dollar fell to DKr 5.6975 from DKr 5.7625, and sterling to DKr 12.9020 from DKr 12.9970.

**JAPANESE YEN—Energy and balance of payments problems reflected in sharp decline last year, which after a slight pause has been renewed, although heavy central bank intervention has abated**—The Yen improved against the dollar in active Tokyo trading. The U.S. currency closed at Y244.80, compared with Y248.37½ previously, after opening at Y244.00 and touching a low point of Y243.50. In the afternoon the dollar reached a peak of Y245.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU April 24 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 40.2083 | +1.05 | +0.25 | ±1.53 |
| Danish Krone | 7.72336 | 7.86172 | +1.79 | +0.99 | ±1.64 |
| German D-Mark | 2.48208 | 2.51284 | +1.24 | +0.44 | ±1.125 |
| French Franc | 5.84700 | 5.85747 | +0.13 | −0.67 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.76475 | +0.77 | −0.03 | ±1.512 |
| Irish Punt | 0.668201 | 0.676494 | +1.24 | +0.44 | ±1.668 |
| Italian Lira | 1157.79 | 1179.95 | +1.91 | +1.62 | ±4.08 |

Changes are for ECU, therefore positive change denotes a week currency. Adjustment calculated by Financial Times.

## THE DOLLAR SPOT AND FORWARD

| April 24 | Day's Spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 2.2540-2.2750 | 2.2650-2.2660 | 0.20-0.10c pm | 0.79 | 0.52-0.42 pm | 0.83 |
| Ireland† | 2.0400-2.0480 | 2.0400-2.0415 | 0.45-0.35c pm | 2.35 | 1.35-1.25 pm | 2.54 |
| Canada | 1.1815-1.1836 | 1.1817-1.1820 | 0.03c pm-0.02 dis | 0.05 | 0.20-0.15 pm | 0.59 |
| Nethlnd. | 1.9940-2.0095 | 1.9970-1.9985 | 1.01-0.94c pm | 5.86 | 2.75-2.68 pm | 5.44 |
| Belgium | 29.01-29.17 | 29.11-29.13 | 2-5c dis | −1.44 | 3-7 dis | −0.69 |
| Denmark | 5.6790-5.7060 | 5.7025-5.7050 | 1.50-2.00ore dis | −3.68 | 4.10-4.60dis | −3.05 |
| W. Ger. | 1.8130-1.8260 | 1.8175-1.8185 | 1.12-1.02pf pm | 7.06 | 3.15-3.05 pm | 6.82 |
| Portugal | 49.50-49.95 | 49.50-49.70 | 5-20c dis | −3.01 | 25-70 dis | −3.81 |
| Spain | 70.27-70.80 | 70.70-70.80 | 15-25c dis | −3.39 | 55-75 dis | −3.67 |
| Italy | 851.50-854.75 | 852.00-852.50 | par-1lire dis | −0.70 | 1-2½ dis | −0.82 |
| Norway | 4.9840-5.0030 | 5.9900-4.9925 | 1.50-1.00ore pm | 3.00 | 3.60-3.10 pm | 3.02 |
| France | 4.2225-4.2440 | 4.2375-4.2400 | 1.30-1.20c pm | 3.54 | 3.30-3.10 pm | 3.02 |
| Sweden | 4.2825-4.2900 | 4.2860-4.2875 | 0.85-0.65ore pm | 2.10 | 2.40-2.20 pm | 2.15 |
| Japan | 243.80-246.10 | 243.95-244.05 | 0.80-0.65y pm | 3.56 | 1.70-1.65 pm | 2.74 |
| Austria | 12.93-13.02½ | 13.01½-13.02½ | 7.00-6.30gro pm | 6.13 | 19.50-17.00pm | 5.61 |
| Switz. | 1.6900-1.7090 | 1.6995-1.7005 | 1.45-1.38c pm | 9.99 | 3.84-3.76 pm | 8.94 |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

## THE POUND SPOT AND FORWARD

| April 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.2540-2.2750 | 2.2650-2.2660 | 0.20-0.10c pm | 0.79 | 0.52-0.42 pm | 0.83 |
| Canada | 2.6700-2.6910 | 2.6785-2.6795 | 0.30-0.20c pm | 1.12 | 1.20-1.10 pm | 1.72 |
| Nethlnd. | 4.50-4.55 | 4.53½-4.54½ | 3-2c pm | 6.61 | 7¼-6¾ pm | 6.39 |
| Belgium | 65.60-66.10 | 65.95-66.05 | 3-13c dis | −1.45 | 2 pm-8 dis | −0.18 |
| Denmark | 12.85-12.92 | 12.89-12.90 | 1¼-2¾ore dis | −1.86 | 5½-7½ dis | −1.98 |
| Ireland | 1.1050-1.1105 | 1.1090-1.1100 | 0.10-0.05p pm | 0.81 | 0.40-0.35 pm | 1.35 |
| W. Ger. | 4.10-4.14 | 4.11½-4.12½ | 3¼-2¼pf pm | 8.01 | 8¼-7¼ pm | 7.64 |
| Portugal | 112.00-112.80 | 112.20-112.40 | 5c pm-40 dis | −1.87 | 30-135 dis | −2.94 |
| Spain | 158.90-160.10 | 160.00-160.10 | 30-60c dis | −3.37 | 100-150 dis | −3.12 |
| Italy | 1,926-1,938 | 1,932½-1,933½ | 1¼lire pm-¼ dis | 0.15 | 1½ pm-½ dis | 0.31 |
| Norway | 11.22-11.32 | 11.31-11.32 | 4½-3½ore pm | 4.11 | 10¾-9¾ pm | 3.82 |
| France | 9.54-9.64 | 9.60-9.61 | 4-3c pm | 4.37 | 9½-8½ pm | 3.75 |
| Sweden | 9.68-9.76 | 9.70-9.71 | 2½-1¾ore pm | 2.47 | 7½-6½ pm | 2.81 |
| Japan | 550-558 | 552-563 | 2.30-2.00y pm | 4.67 | 5.30-5.00 pm | 3.73 |
| Austria | 29.20-29.55 | 29.47-29.52 | 17-14gro pm | 6.31 | 51-46 pm | 6.58 |
| Switz. | 3.82½-3.86½ | 3.84½-3.85½ | 3½-2⅞c pm | 10.51 | 9¾-8¾ pm | 9.60 |

Belgian rate is for convertible francs. Financial franc 67.65-67.75.
Six-month forward dollar 1.05-0.95c pm. 12-month 2.00-1.90c pm.

## CURRENCY RATES

| April. 24 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | 17 | 0.568598 | 0.606656 |
| U.S. $ | 13 | 1.28162 | 1.37044 |
| Canadian $ | 15.96 | 1.51257 | 1.61574 |
| Austria Sch. | 6¾ | 16.8507 | 17.9958 |
| Belgian F | 14 | 37.8462 | 40.3588 |
| Danish K | 13 | 7.38085 | 7.86014 |
| D'Mark | 7 | 2.36074 | 2.51475 |
| Guilder | 9½ | 2.59528 | 2.76869 |
| French Fr. | 9½ | 5.49719 | 5.85999 |
| Lira | 15 | 1107.64 | 1181.32 |
| Yen | 9 | 318.739 | 339.320 |
| Norwgn. Kr. | 9 | 6.44783 | 6.85081 |
| Spanish Pts. | 8 | 90.9015 | 97.3695 |
| Swedish Kr. | 10 | 5.54262 | 5.90960 |
| Swiss Fr. | 3 | 2.19990 | 2.34893 |

## CURRENCY MOVEMENTS

| April 24 | Bank of England Index | Morgan Guaranty Changes% |
|---|---|---|
| Sterling | 73.5 | −32.4 |
| U.S. dollar | 87.4 | −6.0 |
| Canadian dollar | 80.6 | −17.7 |
| Austrian schilling | 155.6 | +24.5 |
| Belgian franc | 115.8 | +14.4 |
| Danish kroner | 105.2 | −4.6 |
| Deutsche mark | 155.0 | +44.4 |
| Swiss franc | 196.1 | +77.5 |
| Guilder | 124.7 | +18.2 |
| French franc | 100.9 | −6.1 |
| Lira | 53.6 | −50.6 |
| Yen | 117.3 | +16.2 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England index=100).

## OTHER CURRENCIES

| April. 24 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4011-4031 | 1772-1779 | Austria | 29.20-29.50 |
| Australia Dollar | 2.0465-2.0505 | 0.9035-0.9040 | Belgium | 67.25-67.35 |
| Brazil Cruzeiro | 110.14-111.14 | 48.66-49.06 | Denmark | 12.83-12.90 |
| Finland Markka | 8.53-8.55 | 3.7520-3.7540 | France | 9.55-9.60 |
| Greek Drachma | 95.058-97.282 | 41.95-42.25 | Germany | 4.09½-4.12½ |
| Hong Kong Dollar | 11.08¼-11.10¼ | 4.9050-4.9100 | Italy | 1930-1985 |
| Iran Rial | n/a | n/a | Japan | 554-559 |
| Kuwait Dinar(KD) | 0.611-0.621 | 0.2721-0.2722 | Netherlands | 4.50½-4.53½ |
| Luxembourg Frc. | 65.95-66.05 | 29.11-29.13 | Norway | 11.25-11.32 |
| Malaysia Dollar | 5.1025-5.1125 | 2.2570-2.2600 | Portugal | 107½-112 |
| New Zealand Dlr. | 2.3560-2.3610 | 1.0400-1.0415 | Spain | 156-164 |
| Saudi Arab. Riyal | 7.48-7.58 | 3.3295-3.3305 | Sweden | 9.57-9.72 |
| Singapore Dollar | 4.9150-4.9250 | 2.1750-2.1780 | Switzerland | 3.83-3.86 |
| Sth. African Rand | 1.8215-1.8240 | 0.8040-0.8050 | United States | 2.253-2.272 |
| U A.E. Dirham | 8.37-8.47 | 3.7220-3.7250 | Yugoslavia | 48¾-51 |

Rate given for Argentina is free rate.

## EXCHANGE CROSS RATES

| April 23 | PoundSterling | U.S. Dollar | Deutschem'k | Japan'seYen | FrenchFranc | Swiss Franc | DutchGuild | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.266 | 4.120 | 552.5 | 9.605 | 3.853 | 4.540 | 1933. | 2.679 | 66.00 |
| U.S. Dollar | 0.441 | 1. | 1.819 | 243.9 | 4.240 | 1.701 | 2.004 | 853.2 | 1.183 | 29.13 |
| Deutschemark | 0.243 | 0.550 | 1. | 134.1 | 2.331 | 0.935 | 1.102 | 469.2 | 0.650 | 16.02 |
| Japanese Yen 1,000 | 1.810 | 4.100 | 7.457 | 1000. | 17.38 | 6.973 | 8.217 | 3499. | 4.849 | 119.5 |
| French Franc 10 | 1.041 | 2.359 | 4.289 | 575.2 | 10. | 4.011 | 4.727 | 2012. | 2.789 | 68.71 |
| Swiss Franc | 0.260 | 0.588 | 1.069 | 143.4 | 2.493 | 1. | 1.178 | 501.5 | 0.695 | 17.13 |
| Dutch Guilder | 0.220 | 0.499 | 0.907 | 122.7 | 2.116 | 0.849 | 1. | 425.8 | 0.590 | 14.54 |
| Italian Lira, 1,000 | 0.517 | 1.172 | 2.131 | 285.8 | 4.969 | 1.993 | 2.349 | 1000. | 1.386 | 34.14 |
| Canadian Dollar | 0.373 | 0.846 | 1.538 | 206.2 | 3.585 | 1.438 | 1.695 | 721.5 | 1. | 24.64 |
| Belgian Franc 100 | 1.515 | 3.433 | 6.242 | 837.1 | 14.55 | 5.837 | 6.879 | 2929. | 4.059 | 100. |

## EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.00-16.10 per cent; three-months 16.05-16.15 per cent; six months 14.55-14.65 per cent; one year 14.00-14.10 per cent.

| April 24 | Sterling | U.S.Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 17⅛-17⅜ | 15¼-15½ | 11-13 | 9¾-10 | 1⅛-1¼ | 8 9/16-8 11/16 | 12¼-12⅝ | 11-13 | 45-45¼ | 11¾-12 |
| 7 days' notice | 17⅛-17⅜ | 15½-15¾ | 11-13 | 9⅞-10⅛ | 6¼-6¾ | 8 9/16-8 11/16 | 12¼-12½ | 15½-17½ | 15 9/16-15 11/16 | 11⅞-12⅛ |
| Month | 17⅛-17⅜ | 15 13/16-16 1/16 | 14⅞-15¼ | 10-10¼ | 6 5/16-6 9/16 | 8⅞-9 | 12 5/16-12 9/16 | 16½-17½ | 16 5/16-16 9/16 | 12-12¼ |
| Three months | 17-17¼ | 15¾-16 | 15⅞-15¼ | 10-10¼ | 6 7/16-6 11/16 | 8⅞-9 | 12⅝-12⅞ | 16¾-17¼ | 15 13/16-15 15/16 | 12¾-13 |
| Six months | 16¼-16½ | 15⅛-15⅜ | 14¼-14⅝ | 10-10¼ | 6 7/16-6 11/16 | 8 11/16-8 13/16 | 13-13¼ | 16½-17 | 14 13/16-15 1/16 | 12-12¼ |
| One year | 15⅝-15⅞ | 14⅜-14⅝ | 14¼-14⅜ | 10⅛-10⅜ | 6 5/16-6 9/16 | 8 9/16-8 13/16 | 13⅛-13⅜ | 17-17½ | 14⅛-14¼ | 10⅞-11⅛ |

Long-term Eurodollar two years 12¾-13 per cent; three years 12½-12¾ per cent; four years 12¼-12½ per cent; five years 12¼-12½ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two days' notice. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

# Dutch rates ease

Interest rates continued to show a softer tendency in Amsterdam yesterday. For a while money on the interbank market was cheaper than funds obtained at the lombard rate, increasing speculation still further that the authorities may soon cut their key lending rates. The refinance rate is 10½ per cent but three and six-month money was quoted at 10¼-10½ per cent. Banks are expected to reduce the surcharge on top of commercial loans, currently standing at one half point, to zero, following last week's cut to ½ per cent from one per cent. The shortage of credit is estimated to rise to about Fl 3bn by the end of the month, but banks have used only 39 per cent of their borrowing quota up until yesterday.

In Paris the Bank of France lowered its intervention rates with three and six-month pension funds fixed at 12⅞ per cent against 12⅞ per cent and 13 per cent respectively. In the money market call money was lower at 12⅞ per cent against 12 15/16 per cent on Wednesday and period rates also showed an overall decline. Three-month money eased to 12 7/16 per cent from 12 13/16 per cent and the six-month rate was lower at 12⅝ per cent against 12 13/16 per cent.

In Frankfurt call money eased to 9 per cent from 9.05 per cent while period rates showed a mixed tendency. One-month money rose to 9.35 per cent from 9.30 per cent while the one-year rate fell to 9.45 per cent from 9.65 per cent.

UK MONEY MARKET

# Extreme shortage

**Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)**

Day-to-day continued to be in short supply in the London money market yesterday, and the authorities gave assistance on an exceptionally large scale. This comprised small purchases of Treasury bills and local authority bills both from discount houses and banks, and extremely large loans to 10 or 11 houses at MLR for repayment today. The market was faced with a very large excess of revenue transfers to the Exchequer, over Government disbursements, a small net take up of Treasury bills and balances brought forward by banks a small way below target. On the other side there was a small fall in the note circulation. Discount houses were paying up to 17 per cent for secured call loans at the start, with later balances still commanding 16¾ per cent or more.

In the interbank market overnight loans opened at 17-17½ per cent and rose on the forecast of a large shortage to 17¼-17½ per cent. There appeared to be some confusion as to how large the day's shortage was likely to be and overnight money touched 19-20 per cent at one point. Most of the day's business took place over 18 per cent and late balances were still commanding 17½-18 per cent.

Rates in the table below are nominal in some cases.

GOLD

# Firmer trend

Gold rose $15 in the London bullion market yesterday to close at $520-525. This was also the highest level of the day seen in Europe, but New York moved up to $524-528 shortly after the London close. The metal opened at $511-516, the lowest point of the day, and was fixed at $514.25 in the morning and $515.70 in the afternoon.

*In Paris* the 12½ kilo gold bar was fixed at FFr 72,750 per kilo ($535.62 per ounce) in the afternoon, comparedw ith FFr 72,500 ($531.83) in the morning, and FFr 72,000 ($522.10) Wednesday afternoon.

*In Frankfurt* the 12½ kilo bar was fixed at DM 30,185 per kilo ($517.00 per ounce) compared with DM 30,170 ($508.95) previously, and closed at $514-519, against $505-51.

*In Zurich* gold finished at $517-521, compared with $505-509 on Wednesday.

| | April 24 | | April 23 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | $520-525 | (£229½-231¾) | $505-510 | (£223-225¼) |
| Opening | $511-516 | (£226¼-228½) | $504-509 | (£224¼-226½) |
| Morning fixing | $514.25 | (£226.962) | $506.75 | (£224.625) |
| Afternoon fixing | $515.70 | (£228.085) | $506.50 | (£223.719) |
| **Gold Coins** | | | | |
| Krugerrand | $539-543 | (£237-240½) | $521-527 | (£231-233½) |
| Mapleleaf | $515-525 | (£227-232) | $510-520 | (£226-230) |
| New Sovereigns | $133½-136 | (£58-60) | $129½-131½ | (£57-59) |
| King Sovs | $160-165 | (£70-72) | $159-162 | (£70-72) |
| Victoria Sovs | $160-165 | (£70-72) | $159-162 | (£70-72) |
| French 20s | $136-139 | | $134-138 | |
| 50 pesos Mexico | $646-652 | | $632-638 | |
| 100 Cor. Austria | $516-521 | | $501-509 | |
| $20 Eagles | $632-640 | | $632-637 | |
| $10 Eagles | — | | — | |
| $5 Eagles | — | | — | |

## LONDON MONEY RATES

| April. 24 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Over night | — | 17-20 | — | — | — | 17½-17¾ | 16¾-17 | — | — | — |
| 2 days notice | — | — | 17⅜-17⅝ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 17⅜-17½ | 17½-17¾ | — | 17½ | 17¾ | 17 | — | — | — |
| One month | 17 1/16-17 3/16 | 17⅜-17½ | 17½ | 18⅝-18¼ | 17⅝ | 17½-17¾ | 16¾ | 15⅞-15 29/32 | 17¼ | 17¾ |
| Two months | 17⅝-17¼ | 17 7/16-17 9/16 | — | 18¼-18 | 17⅝ | — | 16⅝ | 16-16 1/32 | 17 | 17⅝ |
| Three months | 17¼-17½ | 17 5/16-17 7/16 | 17⅜-17⅝ | 17⅝-17¼ | 17½ | 17½ | 16½-16⅝ | 16 1/32 | 16⅞ | 17⅛ |
| Six months | 16 7/16-16 9/16 | 16⅜-16½ | 16 7/16-16⅝ | 16½-16½ | 16¾ | 17½ | — | — | 15 13/16-15⅞ | 16 |
| Nine months | 15⅞-15¾ | 15⅞-16 | — | 16¼-15⅞ | 16⅛ | 16¾ | — | — | — | — |
| One Year | 15 9/16-15⅝ | 15⅝-15¾ | 15⅞-16 | 16-15¾ | 15¾ | 16¾ | — | — | — | — |
| Two years | — | — | 15¾ | — | — | — | — | — | — | — |

Local authorities and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 15½-15¾ per cent; four years 14¾-15¼ per cent; five years 14¾-15 per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 29/32-16⅛ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15 25/32-15 27/32 per cent; two-months 15⅞-15 29/32 per cent; three-months 15 31/32-16 per cent. Approximate selling rates for one-month bank bills 17⅛ per cent; two-months 16⅞ per cent; three-months 16½ per cent; one-month trade bills 17½ per cent; two-months 17⅛ per cent and three-months 16⅞ per cent.

## MONEY RATES

| | |
|---|---|
| **NEW YORK** | |
| Prime Rate | 19-19½ |
| Fed. Funds | 16-16½ |
| Treasury Bills (13-week) | 12.04 |
| Treasury Bills (26-week) | 11.67 |
| **GERMANY** | |
| Discount Rate | 7 |
| Overnight Rate | 9.0 |
| One month | 9.35 |
| Three months | 9.97½ |
| Six months | 9.95 |
| **FRANCE** | |
| Discount Rate | 9.5 |
| Overnight Rate | 12.625 |
| One month | 12.5 |
| Three months | 12.5625 |
| Six months | 12.625 |
| **JAPAN** | |
| Discount Rate | [illegible] |
| Call (Unconditional) | 12.375 |
| Bills Discount (three-month) | 12.875 |

# Further early Wall St. rally

STOCKS ON Wall Street were inclined to recover further ground in active but reduced trading yesterday morning.

The Dow Jones Industrial Average improved 6.91 to 796.16 at 1 pm, while the NYSE All Common Index was 35 cents higher at $59.30. Rises outnumbered falls by about two-to-one with volume coming to 24.55m shares at 1 pm, against Wednesday's comparable level of 31.57m.

Analysts said investors were still responding to the recent rapid slide in short-term interest rates, although yields stabilised yesterday morning in the credit markets.

However, they added that investors remain concerned about how severe the recession might be. The chairman of the Federal Home Loan Bank Board predicted that housing starts would drop to 1m in 1980, which would be below the 1.17m starts of 1975, the low point of the last housing cycle.

Volume leader Texas Utilities rose ⅛ to $19⅛ on volume including blocks of 100,000 and 275,000 shares traded at $19⅛. Florida Power and Light picked up ⅛ to $27⅛. Blocks of 227,000 and 100,000 were moved at $27⅛.

In the Gaming group, active Caesars World advanced 1⅞ to $14⅛, Bally Manufacturing 2⅛ to $24⅛, Ramada Inns 1⅛ to $8⅛ and Del E. Webb ⅞ to $10⅛ and while on the American Exchange, Resorts International "A" climbed 1⅞ to $29⅛, Elsinore ⅞ to $9⅞ and Golden Nugget 1⅞ to $23⅛.

Smithkline rose 2⅞ to $52⅛. The Food and Drug Administration has approved expanded use of Smithkline's ulcer drug Tagament. Bristol-Myers, which reported higher first-quarter net profits, hardened ⅞ to $34⅞. Pfizer put on 1⅛ to $39⅛ and Johnson and Johnson 1⅛ to $73⅛.

*Closing prices for North America were not available for this edition.*

Precious Metal shares rose in response to higher Bullion prices. ASA gained 2⅛ to $42⅛, Dome Mines 1⅞ to $58⅛ and Hecla Mining 1⅛ to $27⅛.

Active Schlumberger fell 3⅛ to $101⅛ despite news of higher first-quarter profits. A block of 250,000 shares were traded at $101. Exxon eased ⅛ to $59⅛ and Mobil 1⅞ to $71⅛, but Superior Oil rose $4 to $145⅛ and Ocean Drilling 3⅛ to $99⅛.

THE AMERICAN SE Market Value Index was up 1.05 at 247.63 at 1 pm. Volume 2.21m shares (2.91m).

## Canada

Golds scored widespread gains, but Canadian markets otherwise made a mixed showing at mid-day after a fair business. The Toronto Composite Index added 3.2 at 1,832.9 at noon, while the Gold shares index climbed 75.0 to 2,802.1, but Oil and Gas shed 3.9 to 4,017.7.

Gulf Canada, active on 59,090 shares in Toronto, fell 3 points to C$149 although the company raised its quarterly dividend.

## Tokyo

Wednesday's good performance was followed by a further market improvement early yesterday, but late profit-taking set in to leave a rather mixed picture on the day.

The Nikkei-Dow Jones Average, which closed at a record peak the previous day, finished 13.54 down at 6,830.31, but gains on the First market section retained a narrow lead over declines at the close by 319 to 309. Turnover was a sizeable 400m shares, but well down on Wednesday's 530m.

Oils closed on a weak note following Japan's decision to join anti-Iran economic and diplomatic sanctions adopted by the EEC. Arabian Oil lost Y220 to Y3,610, and Texaco Oil Y50 to Y1,300.

Also retreating sharply were Mitsui Mining, down Y33 at Y852, and Nippon Mining, off Y13 at Y351.

However, some export-orientated Light Electricals, Motors and Cameras, together with a number of large-capital issues, ended strongly on active foreign buying following a sharp yen recovery against the dollar.

Canon climbed Y22 to Y637, Ricoh Y24 to Y582, Fuji Heavy Industries Y10 to Y372, Matsushita Communication Y100 to Y596 and Pioneer Electronic Y20 to Y1,940, but Sony, Y2,000, surrendered Y40 of its recent good rise.

## Hong Kong

Buoyed by a strong Hong Kong dollar, softer U.S. interest rates and continuing market roumours about share acquisitions and take-overs, share prices mainly resumed their good rally after Wednesday's mixed performance. Trading was again active and the Hang Seng index climbed 21.49 to 866.37.

Among the leaders, Jardine Matheson rose 50 cents to HK$16.50, while Swire Pacific "A" and H KElectric advanced 35 cents apiece to HK$7.35 and HK$6.15 respectively. HK Bank added 30 cents at HK$13.90 and Wheelock "A" 12.5 cents at HK$4.20.

Properties had HK Land up 30 cents at HK$10.90 and SHK Properties 50 cents higher at HK$20.00. Green Island Cement put on HK$1.25 to HK$44.00 and Hang Seng Bank HK$3.50.

## Germany

After Wednesday's firmer showing, the market failed to establish a decided trend yesterday in a thin business.

Among Banks, Dresdner shed DM 1 but Deutsche Bank gained DM 3 and Commerzbank DM 3.90. Schering, in Chemicals, declined DM 3.40 to DM 185.50 after news of lower profits and an unchanged dividend. BMW, in Motors, however, put on DM 1 more, following the previous day's rise of DM 4 on the increased dividend.

Among Stores, Karstadt lost DM 3 of the recent advance, but Horten put on DM 2.70.

On the Domestic Bond market, the Bundesbank sold DM 49m nominal of Public Authority Paper, with prices rising by up to 60 pfennigs. Mark-denominated Foreign Loans rose afresh by up to DM 1.

## Australia

Oils continued to feature firmly, while buying interest picked up in other sectors, especially in the afternoon, with Industrials and Minings displaying a firming tendency. The Sydney All Ordinaries index put on 3.72 to 780.28 and the Metals and Minerals index 39.02 to 4,739.96.

Santos and Hartogen gained fresh ground in the Oils sector, recording 10 cent gains to A$8.20 and A$3.35 respectively, but Santos' project partner, Vamgas, ran into profit-taking and shed 25 cents to A$4.20.

## Paris

Trading was very quiet with French and foreign shares closing narrowly mixed.

Operators attributed the wait-and-see attitude of investors partly to failure to reach agreement over farm prices at the EEC and the performance of French consumer prices, which rose 1.2 per cent in March after a 1.1 per cent February gain.

Banks, Portfolios, Foods and Department Stores held up the best, while Electricals, Rubbers, Mechanicals, Metals and Chemicals mostly lost ground. Oils, Public Works, Textiles and Motors were mixed.

Credit Commercial de France, despite forecasting higher 1980 profits, were unchanged at FFr 163.

Pernod Ricard gained FFr 6 to FFr 281, benefiting from improved 1979 profits.

## Johannesburg

Gold shares further improved in slow trading. High-priced issues gained up to 150 cents, with Vaal Reefs and Stilfontein attracting the most buying attention.

## NEW YORK

## CANADA

| Stock | April 23 | April 22 |
|---|---|---|
| Abitibi | 18¼ | 18¼ |
| Agnico Eagle | 10⅜ | 10¼ |
| Alcan Alumn | 28⅜ | 28 |
| Algoma Steel | 28¾ | 28½ |
| Asbestos | 34 | 31⅝ |
| Bk Montreal | 23¾ | 23⅝ |

## BELGIUM (continued)

| April 24 | Price Frs. | + or — |
|---|---|---|
| Petrofina | 5,120 | —110 |
| Royale Belge | 4,750 | +150 |
| Soc Gen Banq | 2,335 | |
| Soc Gen Belge | 1,384 | +10 |
| Sofina | 3,340 | —10 |
| Solvay | 2,495 | —5 |
| Traction Elect. | 2,440 | +30 |

## HOLLAND

| April 24 | Price Fls. | + or — |
|---|---|---|
| ACF Holding | 72.5 | —0.5 |
| Ahold | 67.1xd | +0.4 |
| AKZO | 23.6 | —0.8 |
| ABN | 296.5 | —1.5 |
| AMEV | 100.5 | |
| AMRO | 63.5 | |

## AUSTRALIA

| April 24 | Price Aust. $ | + or — |
|---|---|---|
| ANZ Group | 4.30 | +0.05 |
| Acrow Aust | 0.80 | —0.20 |
| Allstate Expl. | 1.10 | |
| Ampol Pet. | 1.08 | +0.06 |
| Assoc. Pulp Pap. | 1.90 | |
| Audimco | 0.26 | |
| Aust Cons Ind. | 2.01 | —0.01 |

## JAPAN (continued)

| April 24 | Price Yen | + or — |
|---|---|---|
| Kubota | 355 | —2 |
| Kumagai | 537 | —2 |
| Kyoto Ceramic | 3,080 | +40 |
| Lion | 360 | +5 |
| Maeda Cons. | 440 | —15 |
| Makita | 975 | —5 |
| Marubeni | 380 | —10 |

## Indices

## NEW YORK ACTIVE STOCKS

Spanish prices, Page 24

# THE PROPERTY MARKET BY MICHAEL CASSELL

## Investment 'go-slow'

THERE WAS a virtual standstill in the level of institutional investment in UK property during 1979, despite the continuing popularity of property as an investment option and the growing volume of money looking for an income-producing home.

Figures provided by various government sources in the past few days show that while the insurance companies and pension funds pushed up their net investment programme at home and abroad from around £8.4bn in 1978 to £9.9bn in 1979, the level of funds put into UK property remained almost unchanged.

Although some elements of the figures are still provisional it looks as if spending on UK property and land last year totalled £1.14bn, just fractionally ahead of the 1978 figure of £1.13bn. If the substantial increases in capital values are taken into account, the real level of institutional property investment went down.

The overall net investment figure of £9.9bn does include some overseas property activity, though the returns in this respect are not comprehensive and it is not in any case possible to separate them from the overall total.

Notwithstanding their failure to materially step up UK property investment over the last two years, many institutional investors wish to see a rise in the property content of their portfolios.

At present, the average net inflow allocated to property by the life companies and pension funds lies somewhere between 10 per cent and 15 per cent and it is expected in some circles that the proportion of institutional funds directed into the property sector will rise to nearer 20 per cent within the next five years or so.

In answer to the shortage of properties which come up to institutional standards — standards which, so far, show no sign of cracking — the funds are continuing to expand their role as do-it-yourself developers. But given the gloomy forecasts for the corporate sector, the institutions might soon find an increased flow of properites on the market as companies under pressure attempt to improve liquidity by selling property assets and leasing back — a fairly widespread phenonmenon in 1974-75.

According to the latest government figures, the investment activity of insurance companies in 1979 was, as in previous years, dominated by the continuing move into British Government securities. But of the £865m which the long-term funds of insurance companies put into non-public sector or company securities, £574m found its way into land and property. In 1978, the figure was £487m.

At the same time, the general funds of the insurance houses invested £860m last year, of which net investment in land and property accounted for about £57m, a fall of £5m from the previous year.

As for the private sector pension funds, which put the bulk of their £2.05bn of investment funds into company securities, a total of £203m was spent on property and land during the year. This compares with a net investment of £164m in land and property in 1978.

The local authority and other public sector superannuation funds invested a combined total of £2.59bn last year. In spending just under £38m on property during 1979, the local authority funds repeated (somewhat uncharacteristically) almost to the pound, their expenditure in 1978.

But the other public sector pension funds, such as those run on behalf of employees of the Post Office, Gas Council, electricity supply industry and the railways, cut back property investment from £387m in 1978 to £267m last year.

It is, however, some of these huge public sector funds (the Post Office Superannuation Fund has a capital value of around £2.6bn, followed by the National Coal Board Funds at about £2.1bn) who have been more active in the search for overseas investments. It is a sector of the investment market which relatively few funds feel capable of tackling but one which more may have to enter if property is to maintain or increase its traditional proportion of the typical institutional portfolio.

## Chesterfield delays DoE legal action

CHESTERFIELD PROPERTIES has decided t odelay proceedings threatened against Mr. Michael Heseltine, Secretary for the Environment, because of delays in approving the £3m final phase of the Bransholme district shopping centre in Hull.

The company said yesterdey that it had been advised by counsel to postpone proceedings despite having clear grounds for taking immediate steps." The complaint centres on the Minister's decision in August 1979 to call in Chesterfield's plans to provide the shopping complex with a 76,000 sq ft extension, despite the local planning authority's approval for the scheme.

Both Hull City Council and Chesterfield called the inquiry a waste of time and money and there were no major objections to a scheme which was first approved 13 months ago.

Now Chesterfield says that a decision on whether or not to institute proceedings against the Secretary of State will be put off until the conclusion of a public inquiry into proposals by Asda to build a superstore at Bilton, a few miles away from Bransholme. The Department of the Environment has apparently insisted on raising the Bransholme issue at the Bilton inquiry—which began on Tuesday—and the Inspector has been asked to report on the likely effect of each proposed development on the areas as a whole, whether both schemes should be permitted or whether just one should go ahead.

Hull City Council has opposed the Asda plan for a 58,000 sq ft district shopping centre—although it would accept a smaller store—and both Chesterfield and Asda have repeatedly stated that neither company wants to prevent the other from developing their superstores.

● **The 65,000 sq ft office building at 20, Soho Square, London, W1, has been sold by Conrad Ritblat on behalf of British Land to Austin Knight for £750,000. The offices formerly occupied by Cross and Blackwell, were purchased by British Land in 1966 for £1.6m. Immediate funding with Sun Life was arranged at £1.6m on a leaseback for 200 years and on a rental basis of two-thirds the rack rent up to 1984 and seven-ninths thereafter. Fourteen-year rent reviews were agreed for the first 42 years, then increasing to seven-year periods. The entire property was let to Austin Knight at £100,000 a year for 42 years with 14-year reviews, showing a shortfall to British Land of £10,000 a year for the first 14 years. E. A. Shaw represented advertising concern Austin Knight.**

● **All the remaining office space in Haslemere Estates' restoration scheme at 3, Kings Arms Yard, EC2, has been let by Jones Lang Wootton and Fletcher King to the Midland Bank.**

## Rates burden gets heavier

A WARNING this week from Sir Horace Cutler, leader of the Greater London Council, that property owners and planners are in danger of killing off London's "golden goose"—the millions of office jobs located in the capital.

Sir Horace told the Associated Owners of City Properties that it would be short-sighted for owners to insist on "excessive" rents and that, in turn, councils should enable the demand for office space to be met. The GLC leader said that while the attractions of London as a national and international employment location were clear—another 15 banks came in during 1979 bringing the total to 330—it was close to the top of the league for rents and associated costs.

Sir Horace's warning is not the first of its type and there has clearly been a major employment drift away from the capital in recent years, with industrial jobs declining in the wake of the growth of the service sector.

High rental costs and a restricted supply of suitable property are the reasons most generally quoted to explain the continuing migration but the publication of a report prepared by Debenham Tewson and Chinnocks, the chartered surveyors, shows just how much Sir Horace's counterparts in the local authorities themselves can influence the "associated costs" he mentioned.

The report, on office rents and rates, shows that the rates burden continues to grow as a percentage of rental outgoings, despite the large rises in rental values. Dy Debenham Tewson's calculation, a tenant in the City of London can now expect his rate bill to be roughly equal to half his annual rent, whereas in 1973-74 it represented only 20 per cent of the rental figure.

The problem is not, of course, confined to London but the report does show that rates in the main office centres have grown more rapidly than the national average level in the current financial year, a reversal of the trend in recent years and due mainly to alterations in the rate support grant which have meant the allocation of proportionately fewer funds to the metropolitan areas.

The CBI, which is calling for a ceiling on business rates, says these could exceed £4bn in 1980-81, an amount roughly equal to the sum due in Corporation Tax over the same period. It seems it is not just the property owners and planners who might be killing off a few golden geese.

## Greycoat pushes on at Tower Hill

GREYCOAT LONDON ESTATES, the joint partnership between Greycoat and Sir Robert McAlpine, has entered the next round in its campaign to get planning approval for its office and hotel complex at Tower Hill.

The original application, which was passed by the Greater London Council and the City Corporation, was rejected by Tower Hamlets and the company lodged an appeal. Now it has entered a revised second application, which entails a small reduction in the proposed office content and some architectural alterations.

The complex is planned to offer about 140,000 square feet of office space a 250-bedroom hotel and a public house. Greycoat London is already having talks with a UK hotel chain operator.

Stuart Lipton of Greycoat says the office content should cost around £15m though no funding arrangements will be made until the planning problems are cleared up. Such problems are not stranger to Lipton and his colleagues, with the marathon Coin Street inquiry behind them—the inspector's report is with Ministers—and attempts by Greycoat Estates to go ahead with a £30m office, shopping and residential scheme on the site of Spitalfield Market still moving slowly forwards.

Works on Cutlers Gardens, the 4½-acre redevelopment scheme close to Liverpool Street Station is, however, well underway. The Baltic Exchange is no longer a potential tenant but Greycoat has already started a low-key search for occupiers. Completion is due in 1981.

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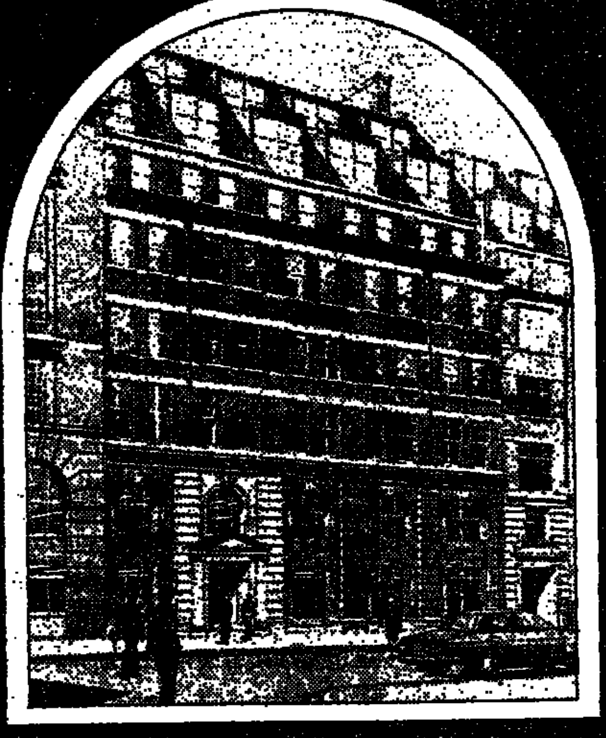

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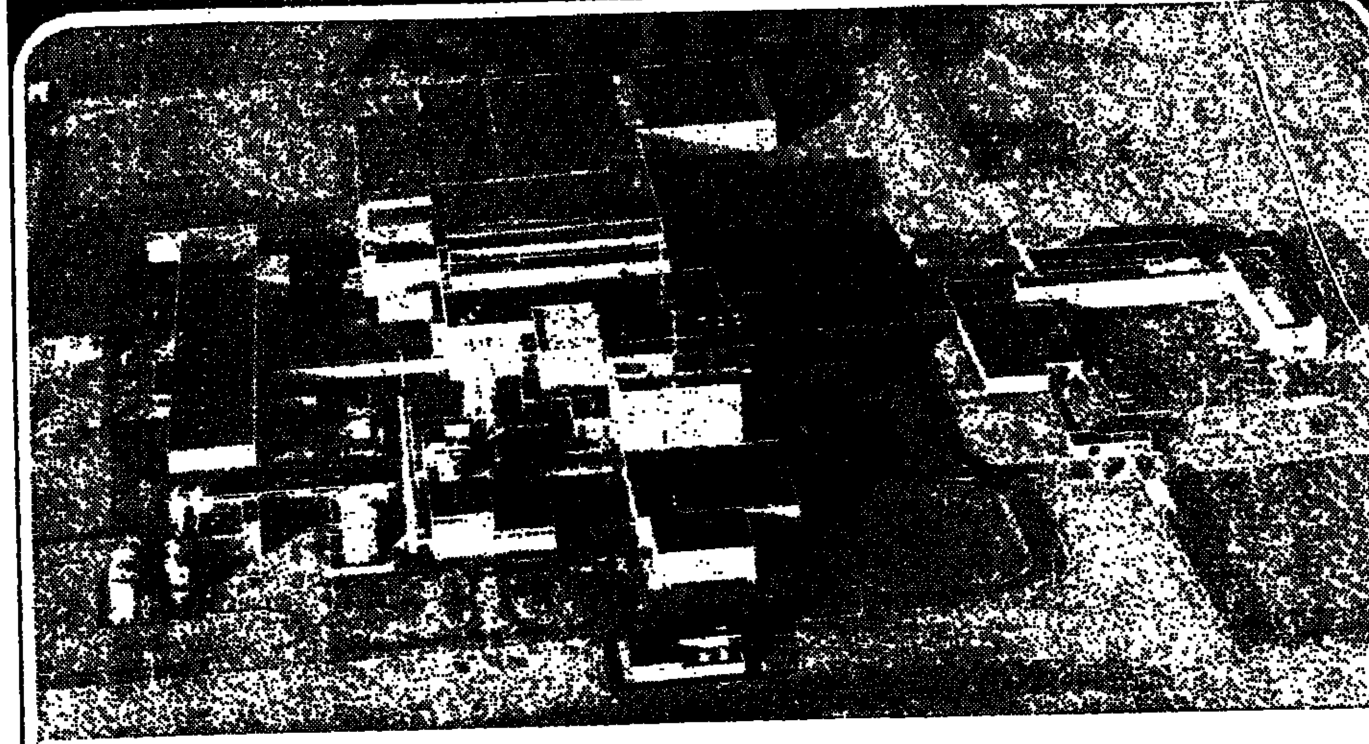

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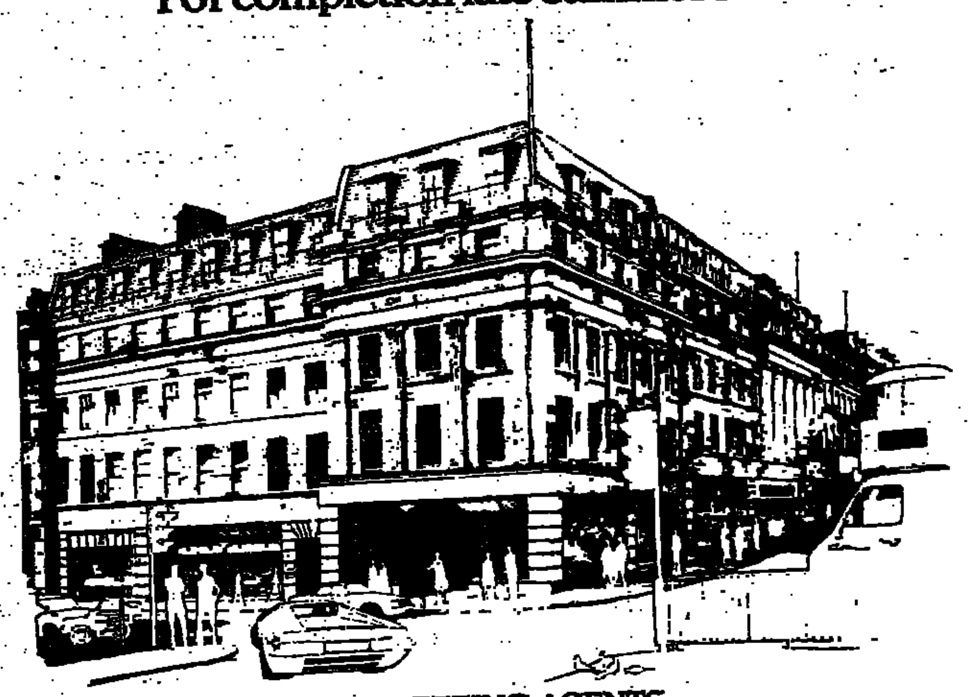

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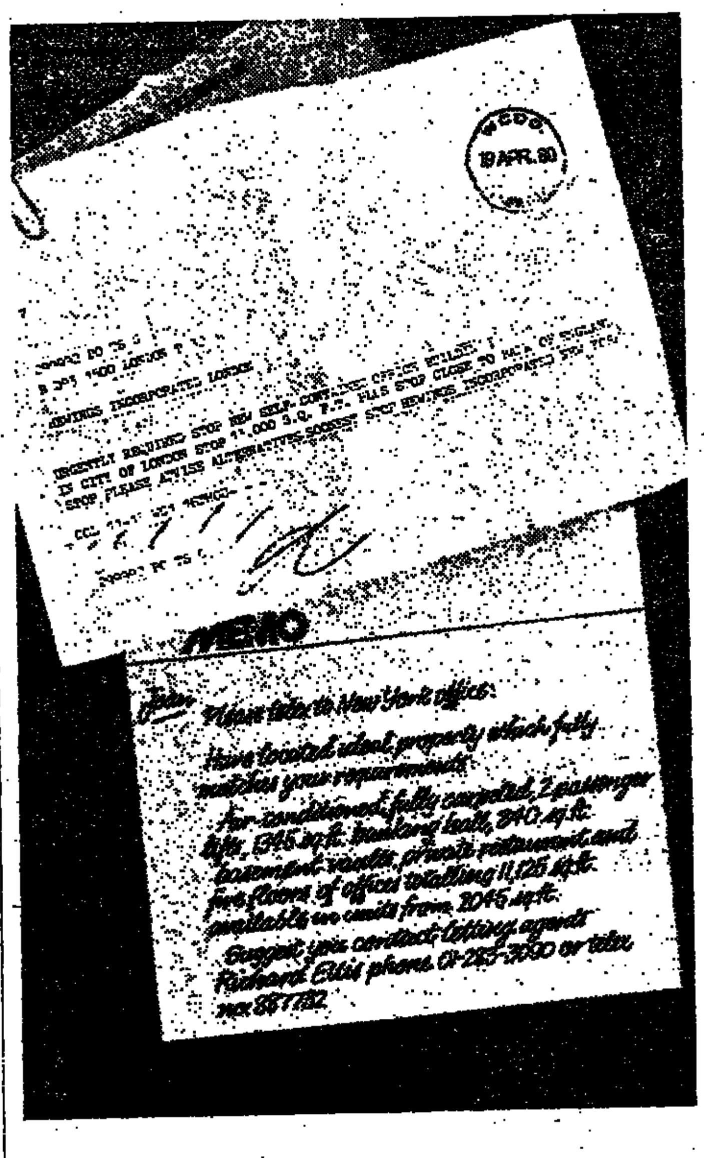

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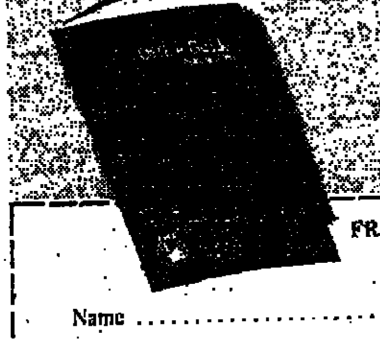

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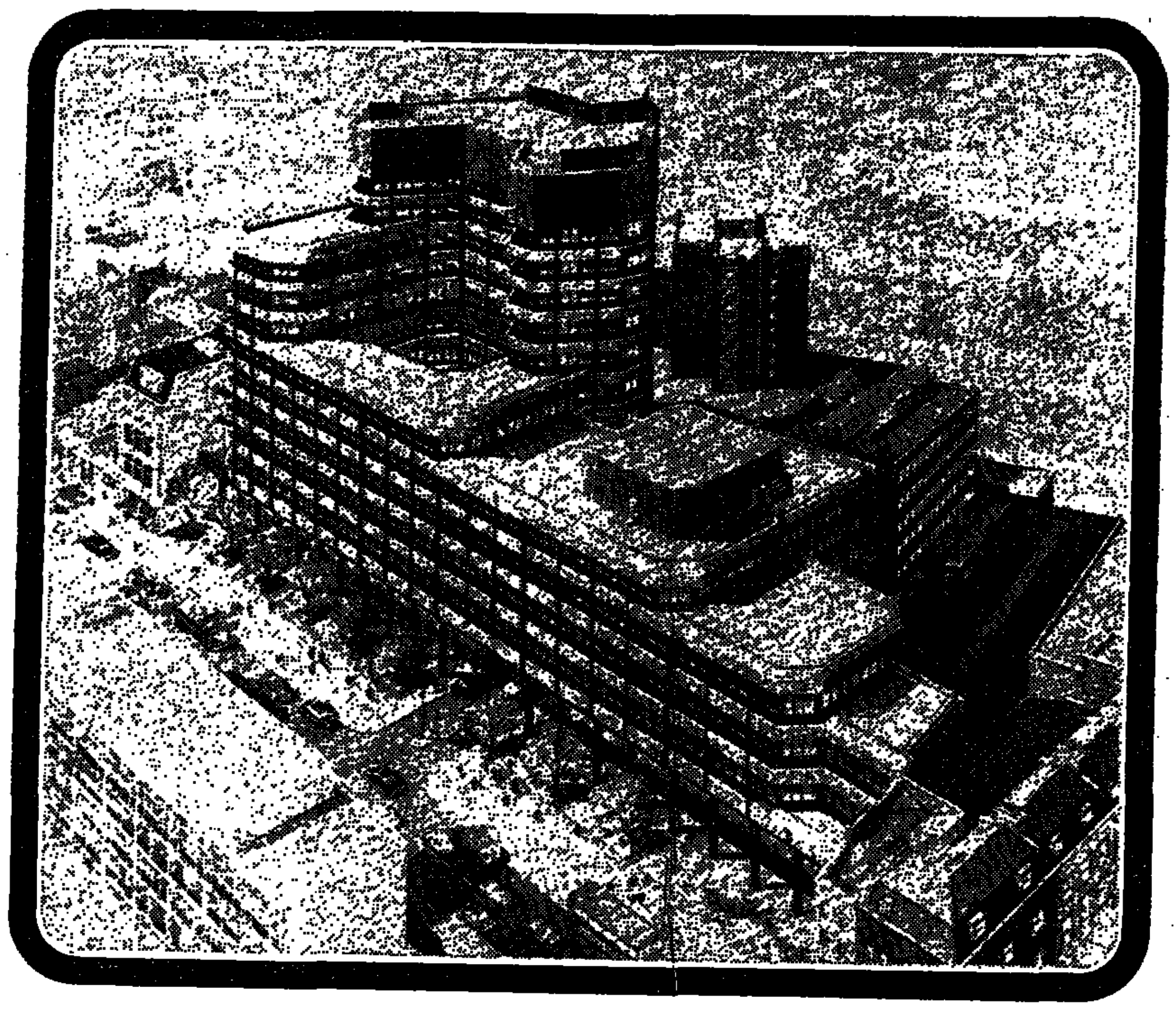

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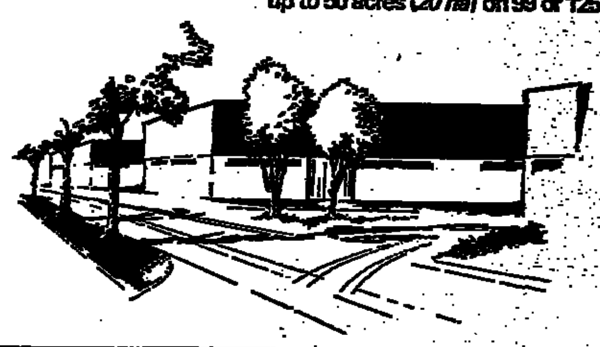

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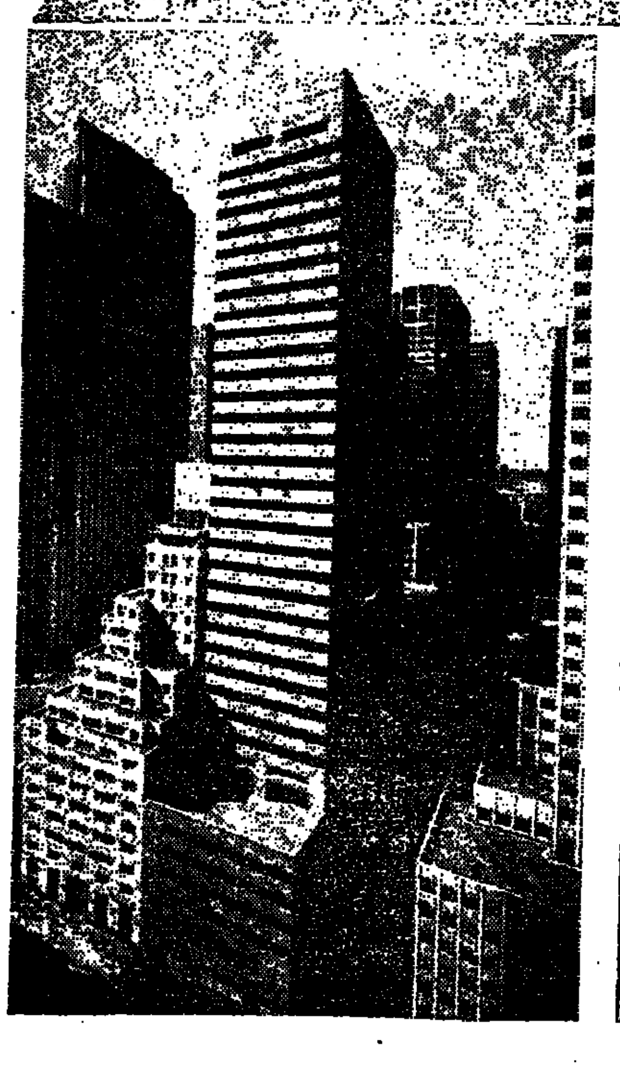

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# COMMODITIES AND AGRICULTURE



## Support for gas oil futures trade

By Our Commodities Editor

TRADING IN gas oil futures on the London Commodity Exchange is likely to be launched in January next year. That was the general view taken at the conference sponsored by the London Commodity Exchange yesterday to review the prospects for an international exchange trading in petroleum futures.

The fact that the conference attracted over 200 delegates from the oil industry as well as the comomdity trade indicated interest in the concept of launching an oil futures contract to provide protection against the wide price fluctuations in recent years.

Mr. Jim Sweeney, managing director of E. F. Hutton (London), said it had been decided to start with trading in gas oil since it had one of the largest volumes of any of the oil products. In addition, there was already a futures market for gas oil in New York and a proposed contract in Chicago, which would give arbitrage possibilities between the three centres.

He said consideration had been given to other oil-products such as bunker fuel, naptha and benzene. But it was thought best to start with gas oil and then move into other products and finally, perhaps, crude oil.

## Apple talks

THE NATIONAL Farmers Union said that English and French apple representatives discussed at a meeting in London yesterday "how the English market could be brought into balance after two damaging seasons for the French and English consumers."

They emphasised that it would be in both their interests to establish profitable prices for apples in the UK.

Both delegations recognised that voluntary restrictions were difficult to enforce, unless all parties co-operated to ensure that the regulations were kept.

The English assured the French producers that, as a result of the experience of the Apple and Pears Development Council, information during the 1978-79 season it would be feasible to ask all links in the distributive chain to conform to more stringent quality standards than those statutorily enforced by the EEC.

## Sharp rise in sugar forecast

SHARP RISES in sugar prices over the next year were forecast yesterday by F. O. Licht, the influential sugar statistician. He said this was due to a supply situation which which was "much tighter than expected."

In his latest assessment of free world supply and demand he estimates a surplus of only 772,000 tonnes over estimated import requirements in 1980. This compared with an initial prediction in January of a surplus of at least 2.2m tonnes. The earlier forecast mainly comprised International Sugar Agreement special stocks which have since been released.

Assuming none of the ISA's special stocks will be held at the end of 1980, Licht estimated total net exportable supplies from ISA-member countries at 15.78m tonnes and from non-members at 5.345m tonnes, including 4.15m from the EEC. He put net import requirements at 20,354,000 tonnes.

The latest estimates reflect constant deterioration of 1979/80 prospects and difficulties anticipated for some cane producers in 1980/81.

## EEC sugar cutback delayed

BY RICHARD MOONEY

LACK OF progress at this week's farm price talks in Brussels has almost certainly killed off any remaining hopes that the EEC Commission's plan for cutting excessive Common Market sugar production could be adopted this year.

The plan, originally announced last November, would have cut total EEC production by 10 per cent reducing the surplus from 3m tonnes to around 2m. It was described as "unfair" by Mr. Peter Walker, the UK Agriculture Minister, because Britain's reduced quota would have been based on its actual production in recent years( which had been hit by bad weather) rather than the old quota.

However, with EEC Agricultural Council meetings being continually tied up with fruitless discussions of farm price proposals talks on the new sugar quotas never really got off the ground. An EEC official conceded yesterday that the proposal would almost certainly have to be shelved until next year because most of the sowings for this year's sugar crop have now been completed.

Mr. Walker told the House of Commons yesterday that a document drawn up at this week's Brussel's meeting for consideration at the EEC summit meeting beginning on Sunday said most member state wanted bigger farm price rises than the 2.4 per cent average proposed by the Commission. But he said he had remained firm in his insistence that there should be no increases for products in structural surplus like sugar, dairy products and wine.

Mr. Walker sai dthere were two days of "inconclusive" discussion of the milk surplus. No agreement was reached on the proposed "super-levy" on increased production but there was support for Britain's view that this should not discriminate against larger producers.

There was virtually no discussion on sheepmeat. Britain and France each submitted documents detailing their positions on this subject.

Robin Reeves in Cardiff writes: Profitability in the UK livestock farming sector will become non-existent if the EEC Commission's current price proposals are adopted, according to the Farmers Union of Wales.

In a detailed memorandum on the current conditions of Welsh Agriculture, the FUW says aggregate net income suggest that the cereals sector has done very much better than livestock products during the past 12 months.

"The Commission's proposal to increase institutional prices will further upset the balance of the UK agricultural industry to such an extent that profitability in the livestock sectors will become virtually non-existent," it warns.

The FUW accuses the Commission in its overall prices package of assisting the Continental member states at the expense of British farmers and taxpayers.

The memorandum also states that there is strong evidence to suggest farmers are having to borrow at high rates of interest in order to maintain production. "There is a limit to the current disparity between production costs and end prices" it added.

## No date set for grain talks

WASHINGTON — The U.S. Government has received no indication from the Soviet Union that consultations are planned for May in Moscow on the fifth year of the five-year grain supply agreement, U.S. Agriculture under-secretary Dale Hathaway told Reuters.

"These things normally require an invitation from the government and we have received no invitation from the Soviet Government," he said.

The White House will make all decisions about the level of U.S. representation at the talks, Mr. Hathaway said, but the White House will make no response until the U.S. receives some indication from the U.S.S.R. that the talks will be held.

Mr. Hathaway said the agreement did not explicitly require semi-annual consultations. The U.S.S.R. will be eligible to buy up to 8m tonnes of U.S. grain for delivery after October 1, 1980, without prior consultation with the U.S.

In Moscow the U.S. embassy said it had no information that the Soviet Union may be considering the reneging on the grain accord.

In Bonn the Central Market Information Office (ZMP) said in its latest bulletin that the EEC seeks to sell grain surpluses in the second half of the current grain year to eastern bloc countries excluding the USSR.

Since the USSR has been taken off the EEC's grain trade list for the time being in view of the U.S. decision to halt grain exports, sales to the other East European countries take up a greater proportion of exports than before, the bulletin noted.

Total wheat exports this year, including flour, will probably be around 9.5m tonnes compared with 9m last year, it said.

Weaknesses in the EEC grain market exist at present and many processors are keeping their purchases to the minimum, the bulletin said.

Reuter

## Carter calls for metals price curb

WASHINGTON — President Carter urged metal producers to hold down prices and cooperate with his anti-inflation programme.

He said at a meeting with industry representatives their voluntary restraint would support his opposition to mandatory wage and price controls.

The President pointed out that metal prices have risen by about 35 per cent in the past 18 months. He appealed for action and sacrifice to reverse this trend as soon as possible. even though he knew the industry faced greatly increase, energy costs.

Our Commodities Editor writes: Metal prices were generally firmer yesterday in line with the rise in gold. Silver prices jumped in New York following reports that a group of U.S. banks, backed by the Federal Reserve Board, had agreed to lend $800m to the Hunt brothers to help cover their silver futures commitments.

Copper was boosted by a rise in New Yorg, reflecting the cuts in interest rates and a feeling that the recent fall in the market may have been overdone.

Tin prices rose as the squeeze on nearby supplies tightened. Cash tin gained £145 to £7.710 a tonne while the three months quotation was £110 higher at £7.582.5.

Zinc held steady in spite of news that Australian Mining and Smelting (Europe), the only UK smelter, had cut its European producer price from $825 to $780 a tonne. This follows a simlar reduction by Cominco, while Metallgesellscheft reduced its price to $760. Several producers also announced reductions in the U.S. selling price for zinc.

## Taiwan eel export

TAIWAN has emerged in the past dozme years as the world's leading supplier of live eels, flying about 23,000 tons of eels to Japan annually with an estimated value of $200m, the Asian Wall Street Journal reports. Eels have surpassed asparagus, mushrooms and bananas as Taiwan's leading agricultural and fishery export.

Taiwan's eel exports started to take off around 1968 when fishermen and farmers caught seed eels along Taiwan's coast and shipped them to Japan. They then experimented with raising the seed eels in fresh water ponds for export to Japan.

UK FARMING

## A gloomy history lesson

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

NOT BEING a professional economist, I would not be considered competent to assess the validity of the recent Cambridge Economist Policy Group's forecast of the eventual de-industrialisation of Britain if present economic and trade policies are followed. But I began farming at the end of a period when the results of a rigid policy of free trade had destroyed much of British agriculture not once, but twice, in the course of about half a century.

It began with the repeal of the Corn Laws. This came into effect in 1849. But for the next 20 years the repeal had little effect on prices, which for wheat fluctuated between £10 and £15 per ton according to the season. After the mid-1870s, however, prices collapsed and over the 30 years between 1884 and 1914 varied between £5 and £8 per ton.

The reason for the delayed effect of the Corn Laws Repeal was quite simply that until cheap transport had been orfganised to bring grain supplies from Canada, Australia and elsewhere to Britain, the distance had been as potent an obstacle as any duty. The development of refrigeration at the same time opened the door to import of meat, butter and other perishable foodstuffs.

The effects on the arable areas of Britain, particularly East Anglia and the south, was dramatic. Grassland areas fared a little better. Whole countries went out of production, workers drifted off to the towns and it took many years before systems of farming were evolved that could cope with this situation.

Farmers who went through that period, told me that it wasn't until the outbreak of World War I that they knew what prosperity meant. Wheat averaged about £17 per ton from 1917 to 1921. In 1922 the price fell to between £11 and £8 in 1930 and reached a nadir of £4.80 in 1934.

Again the arable lands suffered. Those of low inherent fertility in many counties simply went out of production, and remained so until the outbreak of World War II in spite of some remedial action by the governments in those inter-war years.

There was first of all a guaranteed quota for sugar beet, which was enacted against the most strident opposition from free traders in the early 1930s. This measure did keep the arable fields where sugar beet could be grown in some sort of rotation, and enabled the continuing employment of a labour force at admittedly appalling wages.

In 1932 there was a Wheat Act which imposed a levy on imported wheat, the proceeds of which were used to supplement the market price received for wheat on the farm. This enabled the farmer to gross £10 per ton for his wheat, which would otherwise have made no more than around £5 during the 30s.

In 1934 there was a small levy on imported dairy produce so that a minimum price could be guaranteed for British produce. There was also asubsidy for oats and barley.

After the last war's sacrifiecs were resolved, farming was supported by deficiency payments and there were levies and minimum import prices, culminating in Community membership which has made Britain part of the biggest food protectionist group the world has ever seen.

By persisting over the inter-war years with the "cheap" food policy, Britain was the odd man out in Europe. All European countries protected their farmers to some degree from the cheaper foods of the new world or even their neighbours.

Looked at in purely economic terms the "cheap" food policy was successful, I suppose. Farm size was rationalised, a process which was started with the enclosure Acts. Farming systems eventually developed which could surivive, although they could not have existed without the Wheat Act and other protectionist measures, small as they were.

But the cost over the whole period was heavy. The average farm wage for all England which was 10 shillings and 4 pence a week in 1836 had only risen to 14 shillings and 7 pence in 1900.

Land prices collapsed spectacularly. My own farm was sold in the 1860s for £64 an acre and never reached that value again for nearly 100 years. Something those who believe in the certainty of land as a hedge against inflation should bear in mind.

Enormous numbers left the land. Fortunately for them there were industries to go to or the alternative of emigration. But as I found out agriculture in the "new" countries—Australia., New Zealand and Argentina—was only possible through the ruthless exploitation of the soil and the people working it.

When I started farming in Britain on my own in 1933 it was on a farm where my predecessor had been bankrupted and the value of his stock in trade was but a tenth of what he had invested a dozen years before. I reduced the staff from seven to two. Supported by the Government measures of those times, still bitterly denounced by the orthodox economists, managed to build up a reasonable farming business.

Without these measures of protection, elementary as they were, very little would have been left of British farming by the outbreak of war.

After this piece of history it strikes me that if the gloomy forecasts of the Cambridge economists are supported by events, the results would parallel the agricultural slump of the 19th and early 20th centuries. But with this important difference: the unemployed industrialists and their workers would have nowhere to go.

## Rubber contracts held

NEW YORK—Three large tyre manufacturers, Goodyear Tire and Rubber, B. F. Goodrich and Uniroyal, said they had not asked dealers to revise contracts to buy natural rubber as a result of sharply lower tyre demand.

The companies were responding to a report this week that Firestone Tire was trying to buy its way out of existing rubber purchase ageements because of ovesupply poblems.

Rubbe dealers said Firestone asked them for bids to buy back contracts calling for rubber deliveries from May to August.

Firestone acknowledged that it had approached the dealers, but would not confirm that it wanted to repurchase the contracts.

## Drought ends

SYDNEY — Heavy rains over parched south-east Australia have broken the worst drought to grip the country for 80 years, the National Bureau of Meteorology said yesterday.

Up to 120 mm (4.5 inches) of rain in the past week have swept Tasmania, South Australia. Victoria, and New South Wales

# BRITISH COMMODITY MARKETS

## BASE METALS

COPPER—Firmer in quiet trading on the London Metal Exchange. Forward metal opened around £918 and held that level throughout the pre-market and first Ring. In the second the price edged above £920 but met small selling which depressed it to £917.5. In the afternoon a steady opening on Comex encouraged fresh demand in London and three months metal rose to £927 before easing on profit-taking to close the late Kerb at £920. Turnover: 18,025 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 891-2 | +7 | 899-900 | +6.5 |
| 3 months | 917-8 | +9 | 923.5-4.5 | +9 |
| Settlem't | 892 | +7 | — | ...... |
| Cathodes | | | | |
| Cash | 865-6 | +9 | 868-72 | +3.5 |
| 3 months | 895-6 | +10 | 900-1 | +7 |
| Settlem't | 866 | +9 | — | ...... |
| U.S. Prod | — | ...... | *90.96.25 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £893, 92, 91, three months £919, 18, 17, 16, 15, 16, 17, 18. Cathodes, cash £866, three months £895, 96. Kerb Wirebars, three months £920, 21, 20. Afternoon: Wirebars, cash £898.5, 99, three months £920, 21, 22, 23, 26, 28, 27, 26, 25, 25.5, 25, 24, 24.5, 24. Cathodes, three months £901. Kerb: Wirebars, cash £900, three months £924, 25, 24, 23, 22, 21, 22, 20, 19, 20.

TIN—Moved ahead. Forward metal opened at £7,540 and quickly gained ground to touch £7,600 reflecting the rise at Penang and renewed protective borrowing which widened the backwardation to £150. In the afternoon the market eased on profit-taking with forward metal finally quoted at £7,575 on the late Kerb. Turnover: 940 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 7730-50 | -205 | 7700-20 | +145 |
| 3 months | 7600-10 | +90 | 7585-95 | +110 |
| Settlem't | 7750 | +210 | — | ...... |
| Standard | | | | |
| Cash | 7730-50 | +205 | 7700-20 | +145 |
| 3 months | 7590-600 | +87.5 | 7580-5 | +110 |
| Settlem't | 7750 | +210 | — | ...... |
| Straits E. | $2315 | +10 | | ...... |
| NewYork | — | ...... | | ...... |

Morning: Standard, cash £7,750, three months £7,570, 7,600. Kerb: Standard, three months £7,590. Afternoon: Standard, three months £7,600, 7,590, 85. Kerb: Standard, three months £7,580, 70, 75.

LEAD—Barely changed in idle trading, with forward metal finally £409.5 on the late Kerb after the day's high of £415 in the morning rings. Turnover: 17,150 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 420-1 | +8.5 | 415-7 | +2.75 |
| 3 months | 414-5 | +4.25 | 410-2 | +.525 |
| S'ment | 413 | +8 | — | ...... |
| U.S. Spot | — | ---- | *46 | ...... |

Morning: Cash £417, 20, mid-June £417.5, three months £414, 13, 12, 13, 14. Kerb: Three months £415, 14, 15. Afternoon: Cash £419, three months £415, 16, 15, 14, 13, 12, 11. Kerb: Three months £411, 11.5, 12, 11, 10.

ZINC—Moved narrowly. Three months material opened at £313 and edged higher to close the afternoon Kerb at £315. Turnover: 17,150 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 305-7 | +4 | 306-7 | +4.25 |
| 3 months | 313-5 | +1.75 | 314-5 | +1.25 |
| S'ment | 307 | +4 | — | ...... |
| Primw'ts | — | ..... | *37.5 | ...... |

Morning: Cash £305, 6, three months £313, 14, 13.5. Kerb: Three months £315. Afternoon: Cash £307, 6, three months £316, 15. Kerb: Three months £315, 16, 15, 14.

ALUMINIUM—Marginally easier. Forward metal opened at £820 and dipped to £813, owing to lack of interest, before recovering to close the late Kerb at £817. Turnover: 7,000 tonnes.

| Alumin'm | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 845-7 | -14.5 | 843-8 | -11.6 |
| 3 months | 812-3 | -9 | 817-9 | +1 |

Morning: Cash £850, late-May £835, 36, three months £818, 17, 16, 13, 12. Kerb: Three months £814, 15. Afternoon: Three months £820, 19, 18, 17. Kerb: Three months £817, 18, 17, 16, 15, 17, 16.

NICKEL—Lost ground in quiet trading with forward metal opening at £2,810 and gradually falling away to close the afternoon Kerb at £2,765. Turnover: 474 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 2665-85 | -25 | 2655-75 | -37.5 |
| 3 months | 2775-85 | -25 | 2765-75 | -40.5 |

Morning: Cash £2,685, three months £2,790, 85, 80. Kerb: Three months £2,780. Afternoon: Three months £2,770, 60, 65, 60, 50, 45, 50, 65. Kerb: Three months £2,765.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

## SILVER

Silver was fixed 6.8p an ounce higher for spot delivery in the London bullion market yesterday at £6.279. U.S. cent equivalents of th efixing levels were: spot $14.251, up 25.1c; three-month $14.731, up 28c; six-month $15.312, up 38.4c; and 12-month $16.299, up 39.8c. The metal opened at £6.15-6.50 ($14-$14½) and closed at £6.3-6.65 ($14¾-...).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 627.90p | +6.8 | 640.5p | +24 |
| 3 months | 650.40p | +7.9 | 665p | +24 |
| 6 months | 677.40p | +12.5 | — | ...... |
| 12months | 724.40p | +12.6 | — | ...... |

LME—Turnover 166 (24) lots of 10,000 ounces. Morning: three months 650, 48, 50, 54, 55, 54, 53, 54. Kerbs: three months 655, 54. Afternoon: three months 658.5, 60, 59, 58.5, 60, 63, 64. Kerbs: three months 665, 62, 60, 58.

## COCOA

There was a more restrained market performance today with little activity on futures or physical cocoa and levels at the close little altered to Wednesday evening, reports Gill and Duffus.

| COCOA | Yest'rdays Close | + or — | Business Done |
|---|---|---|---|
| May | 1256-58 | +7.5 | 1261-45 |
| July | 1269-70 | -3.0 | 1275-50 |
| Sep | 1293-94 | -5.5 | 1301-1289 |
| Dec | 1340-42 | -6.5 | 1347-36 |
| March | 1376-80 | -3.5 | 1381-72 |
| May | 1395-1405 | -5.0 | 1395-94 |
| July | 1430-35 | -3.0 | 1425 |

Sales: 1,764 (5,025) lots of 10 tonnes.

## COFFEE

Commission house selling contributed to an easier opening in Robustas, reports Drexel Burnham Lambert. Just before the close more selling returned values to the lows only to be met by trade buying which held prices steady.

| COFFEE | Yesterd'ys Close £ per tonne | + or — | Business Done |
|---|---|---|---|
| May | 1625-26 | -8.0 | 1632-23 |
| July | 1672-73 | -8.5 | 1680-66 |
| Sept | 1709-11 | -5.5 | 1717-05 |
| Nov | 1726-27 | -5.0 | 1735-24 |
| January | 1720-25 | -4.0 | 1725-18 |
| March | 1652-65 | -17.5 | 1672-69 |
| May | 1662-65 | -11.5 | — |

Sales: 2,913 (2,292) lots of 5 tonnes.

ICS indicator prices for April 23 (U.S. cents per pound: Other Mild Arabicas 181.00 (181.67); Robustas ICA 1976 164.50 (same); ICA 1968 164.75 (same). Unwashed Arabicas 210.50 (211.00). Comp. daily ICA 1968 187.58 (187.80).

## GRAINS

LONDON GRAIN FUTURES—Old crops opened 10p higher on wheat. Heavy selling pressure eased values in thin trading, but they improved slightly to close 65p down on the day. May barley opened 30p up and saw good buying interest throughout the day to close steady 65p higher. New crops saw good buying interest and in good volume gained 35p-55p on wheat and 25p-35p on barley, reports Acli.

| | WHEAT | | BARLEY | |
|---|---|---|---|---|
| Mnth | Yesterday close | + or — | Yesterday close | + or — |
| May | 93.10 | -0.85 | 92.10 | +0.65 |
| Sept | 93.20 | +0.55 | 90.95 | +0.30 |
| Nov | 97.30 | +0.45 | 95.00 | +0.35 |
| Jan | 100.95 | +0.55 | 98.75 | +0.50 |
| Mar | 104.35 | +0.55 | 102.00 | +0.25 |

Business done—Wheat: May 93.85-92.75, Sept. 93.50-93.00, Nov. 97.30-96.65, Jan. 101.20-100.90, March 104.55-104.25. Sales: 175 lots of 100 tonnes. Barley: May 92.25-91.45, Sept. 91.00-90.85, Nov. 95.20-94.95, Jan. 99.00-99.00, March 102.30-102.00. Sales: 198 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2 14 per cent May 91.25, June 91.25, July 91.75 transhipment East Coast. English Feed fob May 98, June 100 East Coast. Maize: French April 117, May 117.50, East Coast. S. African Yellow May-June 80.00. Barley: English Feed fob May 98, June 99, Oct. 95.25, Oct.-Dec. 97 sellers East Coast, Jan.-March 103.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 92.90, S. West 92.80, N. West 93.40.

## RUBBER

The London physical market opened slightly steadier with fair interest throughout the day, closing on a quiet note. Lewis and Peat reported a Malaysian godown price of 315 (same) cents a kg (buyer, May).

| No. 1 R.S.S. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| May | 64.20-64.30 | 65.50-65.00 | 64.50-64.00 |
| June | 65.50-65.60 | 65.10-65.50 | 65.90-65.00 |
| Jly-Sept | 67.70-67.90 | 67.40-67.60 | 68.10-67.00 |
| Oct-Dec | 71.60-71.70 | 71.50-71.40 | 72.10-71.28 |
| Jan-Mar | 74.30-74.40 | 74.10-74.20 | 75.00-74.00 |
| Apr-Jne | 76.90-77.00 | 76.90-77.00 | 77.60-77.00 |
| Jly-Sept | 79.60-79.70 | 79.70-79.80 | 80.00-79.70 |
| Oct-Dec | 82.40-82.50 | 82.50-82.70 | 82.50-82.40 |
| Jan-Mar | 85.90-85.40 | 85.40-85.50 | — |

Sales: 425 (511) at 15 tonnes, 169 (7) at 5 tonnes.

Physical closing prices (buyer) were: Spot 63.00p (same); June 68.00p (67.75p); July 68.75.

## SOYABEAN MEAL

The London market opened slightly easier on dull trading conditions, reports T. G. Roddick. Late in session prices firmed on Commission House buying to show small gains.

| | Yest'rday Close £ per tonne | + or — | Business Done |
|---|---|---|---|
| June | 107.20-07.7 | -0.15 | — |
| August | 107.20-07.6 | +0.15 | — |
| October | 105.50-05.8 | +0.55 | 105.50-05.30 |
| December | 108.50-08.8 | +0.10 | 108.50 |
| February | 111.00-11.0 | +0.20 | 111.00 |
| April | 112.00-14.0 | +0.50 | — |
| June | 112.00-16.0 | ........ | — |

Sales: 17 (52) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £240.00 (242.00) a tonne cif for April-May-June shipment. White sugar daily price was £248.00 (£250.00).

The market opened with a brisk rally which lifted prices some £5.00 above kerb levels. Thereafter quotations were contained within a narrow range until the afternoon when New York failed to match up and mos tof the gains were quickly erased, repofts C. Czarnikow.

| Sugar Pref. Comm. Con. | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| May | 251.00-51.50 | 254.00-54.20 | 254.00-49.80 |
| Aug | 262.15-62.25 | 265.75-66.00 | 266.00-60.00 |
| Oct | 270.00-70.50 | 275.50-75.75 | 274.00-68.00 |

NUMBER 4 CONTRACT—Close (in order: buyer, seller only). May 252.00, 25.000 Aug. 263.50, 264.50; Oct. 272.50, 273.00; Jan. 277.00, 278.00; March 285.00, 285.50; May 285.00, 287.00; Aug. 286.00, 286.50. Sales: 265 (396).

Tate and Lyle ex-refinery price for granulated basis white sugar was £321.7 (same) a tonne for home trade and £323.00 (£324.50) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for April 23: Daily price 22.75 (22.21): 15-day average 20.89 (20.60).

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per pound. May 436.0, 440.0-436.0, 71; July 445.5, 446.0, 449.0-443.0, 136; Oct. 448.0, 449.0, 453.0-448.0, 139; Dec. 453.0, 454.5, 459.0-453.0, 91; March 462.0, 463.0, 465.0-461.0, 84; May 462.0, 464.0, 467.0-463.0, 19; July 466.0, 469.0, 470.0-467.0, 16; Oct. 470.0, 471.0-469.0, 18. Sales: 574.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. May 354, 365, nil, nil; Aug. 370, 372, 370, 1; Oct. 368, 370, nil, nil; Dec. 365, 375, nil, nil; Jan. 370, 380, nil, nil; March 375, 388, nil, nil; May 375, 390, nil, nil; Aug. 380, 395, nil, nil; Oct. 380, 395, nil, nil. Sales: 1.

## COTTON

LIVERPOOL—No spot or shipment sales were recorded, leaving the total for the week so far at 213 tonnes. Political and other unrest interfered with operations in the market and activity was minimal. Only scattered interest was shown in specialist grades, chiefly in North American varieties.

*

HIDES—Manchester: Slightly weaker. Second clears. Ox 31-35.5 kilos, 33.5p a kilo (36p); 26-30.5 kilos, 37.3p a kilo (38p) withdrawn; 22-25.5 kilos, 48p (50.7p). Light cows 41.2p a kilo (41.5p) withdrawn.

*

GRIMSBY FISH—Supply fair, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£5.60, codlings £3.20-4.40; large haddock £3.80-4.80, medium £3.60, small £1.80-£2.60; medium plaice £3.70-£5.00, best small £3.00-£3.80; skinned dogfish (large) £11.00, (medium) £9.00; lemon soles (large) £8.20, (medium) £7.00; saithe £2.00-£2.20.

## PRICE CHANGES

In tonnes unless otherwise stated.

| | April 24 1980 | + or — | Month ago |
|---|---|---|---|
| **Metals** | | | |
| Aluminium | £810/815 | ........ | £810/815 |
| Free Mkt | $1875/1905 | ........ | $1930/50 |
| Copper | | | |
| Cash w'bar | £899.5 | +6.5 | £920 |
| 3 mths | £924 | +9 | £939.5 |
| Cash Cathode | £870 | +3.5 | £886.5 |
| 3 mths | £900.5 | +7 | £915.5 |
| Gold troy oz. | $522.5 | +15 | $473 |
| Lead cash | £416 | +2.75 | £456 |
| 3 mths | £411 | +0.625 | £433 |
| Nickel | £3,477 | ........ | £3,335 |
| Freemkt(cif lb) | 275/305c | ........ | 295/310c |
| Platin'mtr'y oz | £189-193 | ........ | £189/195 |
| Free mkt | £258.15 | +9.55 | £234.50 |
| Quicksil'ver† | $400/410 | ........ | $400/415 |
| Silver troy oz | 627.90p | +6.8 | 733.95p |
| 3 months | 650.40p | +7.9 | 765.95p |
| Tin Cash | £7,710 | +145 | £7,610 |
| 3 mths | £7,582.5 | +110 | £7,687.5 |
| Tungsten22.04lb | $140.75 | ........ | $141.14 |
| Wolfrm 22.04 lbs | $140/145 | ........ | $147/151 |
| Zinc cash | £306.5 | +4.25 | £301 |
| 3 months | £314.5 | +1.25 | £309.5 |
| Producers | $780-825 | ........ | $825 |
| **Oils** | | | |
| Coconut (Phil) | $635x | -25 | $760 |
| Groundnut | ‡ | ........ | ‡ |
| Linseed Crude | £423 | -5 | £464 |
| Palm Malayan | $600x | -10 | $625 |
| **Seeds** | | | |
| Copra Philip | $400 | -15 | $500 |
| Soyabean(U.S.) | $264.50x | -1.5 | $268.35 |
| **Grains** | | | |
| Barley Futures | £90.95 | +0.50 | £91.45 |
| Maize | | | |
| French No3AM | ‡ | ........ | £116 |
| Wheat | | | |
| No. 1 Red Spg. | ‡ | ........ | ‡ |
| No2HardWint. | ‡ | ........ | ‡ |
| Eng. Millingt. | ‡ | ........ | ‡ |
| **Other commodities** | | | |
| Cocoa ship't | £1,305 | -3 | £1,446 |
| Future July | £1,269.5 | -3 | £1,415.5 |
| CoffeeF't'rJuly | £1,672.5 | -8.5 | £1,568 |
| Cotton A.Index | 89.50c | +0.55 | 93.65c |
| Rubber (kilo) | 63.0p | ........ | 66.50p |
| Sugar (Raw) | £240 | -2 | £220 |
| Wooltp's 64s kl | 294p kilo | -1 | 300pkilo |

## MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 69.0 to 74.0. Eire hindquarters 83.0 to 86.0; forequarters 48.0 to 51.0. Veal: Dutch hindsand ends 100.0 to 110.0. Lamb: English small new season 80.0 to 86.0. Imported frozen—NZ PL 62.0 to 62.0; PM 60.0 to 60.0. Hoggets: English 44.0 to 68.0. Scotch 44.0 to 68.0. Pork: English, under 100 lbs 40.0 to 50.0; 100-120 lbs 37.0 to 49.0; 120-160 lbs 38.0 to 48.0.

MEAT COMMISSION—Average fatstock prices at representative markets on April 24. GB Cattle 85.19p per kg lw (−0.53). UK Sheep 140.8p per kg est dcw (−7.9). GB Pigs 68.5p per kg lw (−0.2).

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Vernas 4.00-4.50, Bloods 3.20-3.80; Jaffa: Valencia Lates 50/189's 4.40-6.60; Egyptian: Valencia Lates 75/125's 3.0-3.30; Moroccan: 64/113's 4.20-4.60; Cyprus: Valencia Lates 3.00-4.00. Ortaniques—Jamaican: 54/126's 6.0. Karas—Spania: 3.00. Lemons—Italian: 100/150's 4.50-4.75; Cyprus: 15 kg 84/120's 3.40-4.30; Spania: Trays 25/45's 1.80-2.20; Californian: 99/165's 6.0-6.30; Outspan: 80/135's 5.60-6.20. Grapefruit—Cyprus: 20 kg 3.80-4.80; Jaffa: Large boxes 32/88's 4.15-5.05. Apples—Argentine: Red Delicious 150's 8.40; New Zealand: Cox's Orange Pippins 9.20; Chilean: Granny Smith large boxes 125/150's 8.00; S. African: Golden Delicious 7.30-7.60, Starking 7.30-7.70, White Winters 150/180's 7.50-7.80, Granny Smith 8.50-8.80; French: Golden Delicious, boxes 40 lb 138/175's 4.00-4.60, 20 lb 2.00-2.40; Italian.



# COMPANY NOTICES

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¼% First Mortgage Debenture Stock 1986-90 of the company will be closed from the 8th to the 15th May, 1980, both dates inclusive.

By Order of the Board.
G. T. LOWNDES, Secretary.
71-78, Victoria Street.
Wolverhampton.

OLYMPUS OPTICAL CO. LTD.

United Kingdom Shareholders are advised that copies of the 1979 Annual Report are now available from:

S. G. WARBURG & CO. LTD.,
Coupon Department,
St. Albans House,
Goldsmith Street,
London EC2P 2DL.

22nd April, 1980.

# PUBLIC NOTICES

AMENDED NOTICE
BLACKPOOL CORPORATION BILLS
£1,000,000 Bills issued 3rd April, 1980, at 15⅛% to mature 3rd July, 1980. Applications £10,000,000. None outstanding.

BERKSHIRE COUNTY COUNCIL BILLS
£15m due 24.7.80 issued 24.4.80. Average £95.99. £110.5m applications. £25m outstanding.

# AMERICAN MARKETS

NEW YORK, April 23.

LIGHT SPECULATIVE buying in gold and copper carried the markets moderately higher. Silver was little changed on very light interest. Manufacturer buying in cocoa provided support and higher closes. Light trade selling in coffee was sufficient to depress the market further. Cotton was mixed ahead of the first notice day. A late sell-off in grains and soyabeans moved all markets moderately lower. A technical rally plus short covering advanced the entire livestock complex to sharply higher levels, reported Heinold.

Cocoa—May 125.65 (125.10). July 123.40 (123.55). Sept. 125.65. Dec. 284.5. March 290.0. May —. July —. Sept. —. Sales: 748.

Coffee—"C" Contract: May 183.25-183.75 (183.05). July 192.35-192.50 (193.10). Sept. 198.10-198.50. Dec. 190.60-191.00. March 183.80-184.00. May 185.25. July 186.10. Sept. 187.75-188.00. Sales: 7,080.

**Closing prices for North America were not available for this edition.**

Copper—April 85.75 (84.70). May 85.80-86.00 (84.90). June 87.20. July 88.30-88.50. Sept. 90.10-90.50. Dec. 92.10. Jan. 92.80. March 94.10. May 95.40. July 96.60. Sept. 97.80. Dec. 99.60. Jan. 100.20. Sales: 6,500.

Cotton—No. 2: May 82.80-83.00 (83.11). July 79.80-80.15 (79.79). Oct. 76.25-76.60. Dec. 73.30-73.60. March 74.35. May 75.30-75.60. July 76.25-76.75. Oct. 77.50-79.25. Sales: 10,550.

*Gold—April 507.0 (501.8). May 508.3 (503.5). June 514.0-515.5. Aug. 528.0. Oct. 541.2. Dec. 553.0-554.0. Feb. 566.2. April 576.5. June 590.0. Aug. 601.6. Oct. 613.0( Dec. 624.4. Feb. 635.8. Sales: 16,500.

Orange Juice — May 88.90-89.10 (88.65). July 89.95 (90.20). Sept. 90.95-91.00. Nov. 91.65-92.00. Jan. 91.60. March 92.30. May 93.10-93.40. July 94.25-94.50. Sept. 94.50-95.20. Sales: 550.

Potatoes (round whites)—May 48.3-48.6 (48.2). Nov. 73.5-73.9 (73.7). Sales: 363.

*Platinum—April 553.0-555.0 (544.0). May unquoted (unquoted). June unquoted. July 571.0-574.0. Oct. 594.0. Jan. 616.0. April 637.0. May unquoted. Sales: 797.

¶Silver—April 1365.0-1370.0 (1353.0). May 1380.0-1370.0 (1365.0). June 1384.0. July 1400.0-1407.0. Sept. 1441.0-1450.0. Dec. 1498.0. Jan. 1517.0. March 1554.5. May 1592.0. July 1629.5. Sept. 1667.0. Dec. 1722.0. Jan. 1740.5. Sales: 3,000. Handy and Harman bullion spot 1360.00 (1355.00).

Sugar—No. 11 May 22.75-22.80 (23.16). July 23.60-23.75 (24.00). Sept. 24.42-24.45. Oct. 24.75-24.85. Jan. 25.25-25.40. March 26.40-26.45. May 26.50-26.55. July 26.80. Sept. 27.00-27.30.

Tin—74.00-810.00 asked (788.00-795.00).

CHICAGO, April 23.

Lard—Chicago loose 18.75. New York prime steam unavailable.

Live Cattle—June 66.50-66.30 (65.00). Aug. 66.15-66.00 (65.05). Oct. 64.60-64.30. Dec. 64.65-64.40. Jan. 64.90. Feb. 65.70.

Live Hogs—June 35.65-36.00 (34.75). July 37.15-37.20 (36.30). Aug. 36.80-36.90. Oct. 36.80-36.90. Dec. 39.27. Feb. 42.12. April 41.65. June 44.90.

‡‡Maize—May 267¼-267¾ (268). July 279¾-279½ (280¾). Sept. 289½. Dec. 294½-294¼. March 305½. May 312¾.

Pork Bellies—May 33.20-33.00 (31.77). July 34.40-34.20 (33.35). Aug. 34.15-34.05. Feb. 48.35. March 48.25. May 48.75. July —. Aug. —.

Silver—April 1350.0 (1362.0). May — (—). June 1375.0. Aug. 1413.0. Oct. 1451.0. Dec. 1489.0. Feb. 1526.0. April 1563.0. June 1600.0. Aug. 1637.0. Oct. —. Dec. 1711.0. Feb. —. April 1783.0. June —. Aug. —. Oct. —.

Soyaban Oil—May 20.20 (20.57). July 20.00-20.86 (21.21). August 21.20. Sept. 21.45-21.47. Oct. 21.76. Dec. 22.15-22.10. Jan. 22.30-22.25. March 22.60. May 22.90-22.95. July 23.42-23.35.

†Soyabeans—May 595-594 (589¾). July 618½-617 (624¾). Aug. 629. Sept. 639-639½. Nov. 654½-653½. Jan. 671-671½. March 689. May 702.

||Soyabean Meal—May 165.5-165.9 (165.2). July 173.5-173.7 (173.3). Aug. 176.8-176.6. Sept. 180.6-180.0. Oct. 183.0. Dec. 187.3-187.0. Jan. 189.5-190.3. March 195.0. May 198.0-199.0. July 199.5-200.5.

†Wheat—May 391½ (400¾). July 399½-399 (407½). Sept. 414. Dec. 432-432½. March 447. May 454.

WINNIPEG, April 23—§Barley May 112.20 (112.00). July 114.90 (114.40). Oct. 112.60. Dec. 112.60. March 113.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 208.48 (210.13).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

# EUROPEAN MARKETS

ROTTERDAM, April 24.

Wheat—N S. No. 2 Red Winter, June $178, July $177, Aug. $179. U.S. No 2 Northern Spring 14 per cent April $185, April-May $185, June $186, July $187.50, Aug. $190.50.

Maize—Afloat $134, April $133.25, May $132.50, June $135.50, July $137.75, Aug. $140.50, Sept. $142, Oct.-Dec. $145, Jan.-March $152.

Soyabeans—U.S. No. 2 Yellow Gulfports April $254.50, May $253.50, June $256.25, July $259.50, Aug. $264, Sept. $268, Oct.-Nov. $270, Dec. $276, Jan $280.25, Feb. $286.75, March $289 sellers.

Soyameal—44 per cent protein U.S. afloat $231, April $225.50, May-June $222.50, July $224, Aug. $227, Nov.-March $242. Brazil Pellets afloat $242, May-June $229.50, June-Sept. $233, Nov.-March $252.

PARIS, April 24.

Cocoa (FFr per 100 kg). May 1180-1210, July 1245, Sept. 1235-1245, Dec. 1261-1270, March 1290, May 1300. Sales at call: 0.

Sugar (FFr per 100 kg). July 2380-2420, Aug. 2445-2448, Oct. 2501-2509, Nov. 2500-2530, Dec. 2550-2580, March 2636-2680, May 2660-2700, July 2670-2710. Sales at call: 18.

## INDICES

### FINANCIAL TIMES

| Apr. 23 | Apr. 22 | M'nth ago | Year ago |
|---|---|---|---|
| 278.74 | 279.36 | 292.56 | 272.12 |

(Base: July 1, 1952=100)

### MOODY'S

| Apr.25 | Apr. 22 | M'nth ago | Year ago |
|---|---|---|---|
| 1116.6 | 1117.5 | 1164.9 | 1046.9 |

(December 31, 1931=100)

### DOW JONES

| Dow Jones | April 23 | April 22 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 416.60 | 416.67 | 426.46 | 387.04 |
| F'tur's | 432.47 | 429.37 | 436.90 | 388.24 |

(Average 1924-25-26=100)

### REUTERS

| Apr. 24 | Apr. 23 | M'nth ago | Year ago |
|---|---|---|---|
| 1686.9 | 1685.4 | 1730.2 | 1555.4 |

(Base: September 18, 1931=100)

# Middle East worries cause investors to withhold funds
# Gilts down ½ but Vickers and Dunlop assist equities

**Account Dealing Dates**
**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Mar. 24 | Apr. 10 | Apr. 11 | Apr. 21 |
| Apr. 14 | Apr. 24 | Apr. 25 | May 6 |
| Apr. 28 | May 8 | May 9 | May 19 |

* "New time" dealings may take place from 9 am two business days earlier.

A continuing disposition on the part of institutional investors to withhold funds left stock markets yesterday pre-occupied with the Middle East, and the anxieties attendant with the situation were aggravated by vague talk of the U.S. diverting naval forces to the area. Coupled with the unexpected NUR rejection of British Rail's wage offer, the uncertianties shook out more nervous holders of Government securities.

Last week's newcomer Treasury 13¾ per cent 2004/08 slipped to ¼ discount, or 19¾ in £20-paid form, while remaining mediums/longs displayed falls extending to ½, after ¾, in a few selected stocks. Optimism about lower interest rates evaporated in the prevailing unsettled conditions as thoughts returned to the possibility of the authorities soon taking advantage of a currently untapped Gilt market.

The shorts were especially wary of the opportunity this presents to the Treasury and one or two observers suggested that a new tap stock could be announced at today's official close, although the majority felt this was unlikely. Nevertheless, most shorts ended at the day's lowest with losses stretching to ⅜.

Equities were prone to the same underlying influences and drifted continually until a steadier tendency developed in the late afternoon when trading statements from **Vickers** and **Dunlop** caused some professional operators to close their Account bear positions and dealers to reduce short book commitments. After-hours' business was generally uninspiring but, largely reflecting the firmness in Vickers and Dunlop, the FT 30-share index closed only 0.4 at 434.8; at 2 pm, it was showing a fall of 2.7.

## Hambros wanted

Recently-dormant Southern Rhodesian bonds met with the occasional seller and the 2½ per cent 1965/70 issue eased 3 points to £137; remaining stocks often slipped around 2 points.

Briefly active on Wednesday following the expiry of the April series, Traded options reverted to recent form and only 329 contracts were completed. Land Securities were reasonably active with 126 trades.

The banking sector was featured by renewed strength in **Hambros** which rose 11 afresh to 386p on investment support. Currently in receipt of a cash bid worth 85p per share from Hong Kong and Shanghai, **Antony Gibbs** hardened a penny to 81p, while **Rea Bros.** edged forward a colurple of pence to 76p and **Manson Finance** gained a penny to 33p. **Hill Samuel**, however, relinquished 3 to 86p and **Keyser Ullmann** lost the turn to 61p. **Bank of Scotland** softened 2 to 248p and **Royal Bank of Scotland** dipped a penny to 85p; the latter's interim results are due on May 8. Apart from a fall of 3 to 295p in **Lloyds**, the major clearers remained untested at their overnight levels. In Hire Purchases, **F.C. Finance**, at 75p, lost 3 of the previous day's rise of 10.

Responding to a favourable broker's circular, **Hambro Life** rose 6 to 192p in an otherwise uninspired Insurance sector. **Minet**, at 95p, lost the previous day's gain of 2; Corroon and Black of the U.S. completed its planed purchase of a 20 per cent stake in the group on Wednesday.

## Stores easier

Conditions in the Building sector were quiet, but **Blue Circle** were marked 4 higher to 318p after favourable Press comment on the annual results. **Tarmac**, the subject of late selling on Wednesday on worries about Saudi Arabian contracts, rallied 3 to 225p. Outside the leaders, trading statements were responsible for a couple of firm spots in **Modern Engineers of Bristol** which added 4 to 30p and **Ben Bailey Construction** which firmed 2 to a 1980 peak of 20p. **Wilson (Connolly)**, a good market of late on the results and proposed 100 per cent scrip issue, came back 7 to 203p, while scattered offerings clipped 6 from **S.G.B.** to 254p. Among Timbers, **Magnet and Southerns** gave up 4 to 166p on lack of interest, but **Mallinson-Denny** finished a fraction harder on balance at 71½p, after 70p.

Interest in leading Chemicals was at a low ebb, **ICI** and **Fisons** easing a couple of pence to 362p and 282p respectively. Elsewhere, **Anchor Chemical** responded to the excellent annual results with a gain of 2 to 88p.

Leading Stores remained subdued and closed with modest losses, although sporadic support was evident at the lower levels. **British Home**, 276p, and **Debenhams**, 72p, fell 4 and 5 respectively, while **Raybeck**, 68p, and **Burton**, 115p, eased 2 apiece. **House of Fraser** shed 3 to 137p following the announcement that Lonrho is to press for a dividend at the ofrmer's annual meeting. Among secondary counters, **MFI** remained depressed by Wednesday's revised profits forecast and closed 2 cheaper at 60p. **Status Discount** were similarly affected and shed 3 for a two-day fall of 12 at 54p, while further consideration of the annual results clipped a couple of pence off **B and Q (Retail)**, 72p. **Grattan** announced a Boardroom shake-up and the expected profits set-back and the shares reached 78p before reverting to unchanged at 70p. Small buying was noted for **Owen Owen**, 5 to the good at 120p, but **Wilkinson Warburton** ended 4 off at 63p on a solitary seller.

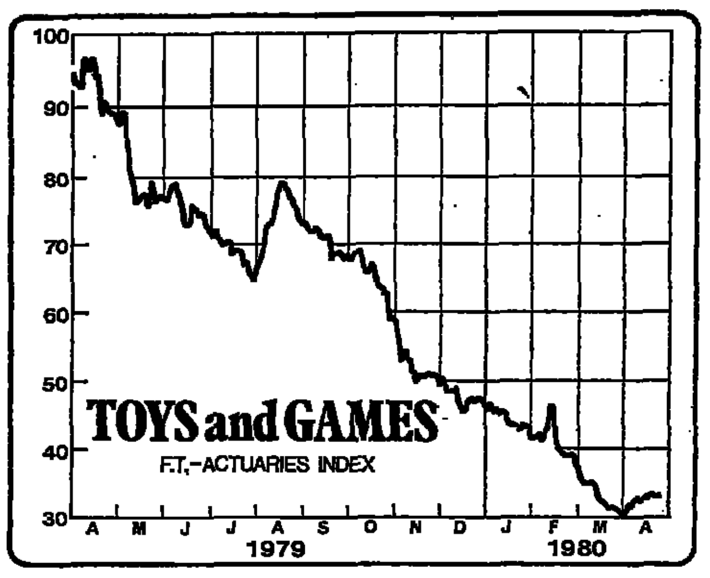
Among Shoes, **Stylo**, annual results today, gave up 10 to 140p.

Subdued conditions prevailed in the Electrical sector. Leading issues to drift off a few pence included **GEC**, 373p, and **Racal**, 240p. Further sporadic offerings left **Electrocomponents** down 8 more at 545p, while selling was also evident in **Dowding and Mills** which gave up 4 to 31p. **Muirhead** weakened afresh to 156p, also down 4, and losses of a few pence were marked against **Kode**, 208p, and **Farnell**, 297p. Among the few firm spots, **Cray Electronic** put on 2 to 35p.

Helped by the virtually maintained dividend and the encouraging statement on the outlook, **Vickers** improved to 120p before settling a shade below the best at 119p for a rise of 5 on the day. Apart from **Hawker**, which drifted off to close 4 down at 180p, other leading Engineers closed with little alteration. **Haden Carrier**, up 13 at 117p in response to the good annual results, provided the main feature in secondary issues. Others to respond to trading statements included **McKechnie Bros.**, 3 to the good at 101p, and **Hopkinsons**, 2 dearer at 49p. By way of contrast, **Vosper** encountered selling and gave up 7 to 128p, while renewed offerings left **Stone-Platt** 2 lower at 34p.

The combination of the £11.5m proposed rights issue from **Linfood**, 8 down at 135p, after 134p, and worries about increased competition among retailers following news of Safeway Stores' UK expansion plans made for particularly dull conditions among leading supermarket issues. **J Sainsbury** gave up 10 to 290p, **Associated Dairies** 8 to 182p and **Tesco** 4 to 57p. **Kwik Save** cheapened 3 to 89p, but a Press suggestion that Safeway's plans include UK acquisitions helped **Hilards**, 3 better at 144p, and **William Morrison**, a couple of pence up at 132p.

Safeway Stores made its official London debut yesterday at £13.




## Steetley down

The worsening U.S./Iran situation, the Saudi Arabian political row and the surprise rejection by the NUR of British Rail's 20 per cent pay offer deterred investment interest in the miscellaneous industrial leaders. Consequently, prices drifted gently lower with **Glaxo**, a friendles market of late on the poor interim results, down 2 further at 202p. **Bowater** declined a similar amount to 176p as did **Reed International**, to 188p. **Turner and Newall** softened a peny to 109p following the AGM. Elsewhere, the chairman's declaration at the AGM that the steel strike had cost the company £4m in lost profit unsettled **Steetley** which were sold down to 170p for a fall of 8. Nervous offerings ahead of preliminary results, due next Monday, left **Foseco Minsep** 8 lower at 148p. **Proprietors of Hays Wharf** relinquished a few pence to 149p; the first-half results are due next month. **Hanson Trust** came on offer at 146p, down 5, while **Smith and Nephew** gave up a like amount to 62p. Reflecting disappointing profirs **E. Fogarty**, 64p, and the Deferred, 54p, lost 4 apiece, while **Applied Computer** declined 5 to 340p on profit-taking. **Hoover** remained at 169p with the return to profitability in the first-quarter already discounted. Renewed North Sea oil enthusiasm was behind a rise of 6 to 182p in **Cawoods**. Speculative interest lifted **Hensher Furniture A** 3 to 66p. **London and Midland** added a few pence to 104p, while **P. and W. Maclellan** hardened a penny to 32p despite the lower earnings.

Annual results much in line with market expectations plus the maintained dividend helped **Dunlop** add 3 to 58p. Elsewhere in Motor Components, **Flight Refuelling** rose 6 to 245p on reflection of the increased earnings and 50 per cent scrip issue. Distributors turned easier, with **BSG**, at 20¼p, losing 1¼ for a fall of 4 since Wednesday's preliminary statement. **Harold Perry** fell 9 to 146p on profit-taking following the full-year results and capital proposals, while **T. C. Harrison**, due to report next Wednesday, eased 3 to 53p.

The escalating print-workers' dispute prompted weakness among Newspaper issues. **News International** gave up 4 to 146p, while **Associated** eased 3 to 282p. **International Thomson** lost 18 down at 387p following the annual results, while the sharp profits setback clipped 5 from **A. and C. Black**, 95p. **Cradley Printing** fell 2 to 18p, after 16p, following the chairman's warning on future trading which accompanied the higher interim profits.

Properties drifted lower, mainly because of an absence of support. **Land Securities**, 318p, and **MEPC**, 207p, both finished a couple of pence cheaper. Elsewhere, **Rush and Tompkins**, around 4 easier awaiting the annual results, rallied on the announcement to close 2 down on balance at 148p. **Property Partnerships** provided an isolated firm spot, adding 5 for a two-day gain of 18 to 178p in a thin market.

## Oils unsettled

Middle East uncertainties dominated sentiment in the Oil sector where prices drifted lower on scattered selling and the absence of support. The majority of quotations closed above the worst, but the rally lacked any real substance. **BP** finished 6 cheaper at 326p, after 322p, while **Shell** ended 8 cheaper at 338p. Outside the leaders, **Tricentrol** tourched 312p before settling at 314p for a loss of 6. **Burmah** gave up 7 to 204p, while **Ultramar** ended 6 lower at 594p. Against the trend, **Lasmo** put on 7 more to 542p and **Gas and Oil Acreage** improved 10 to 400p.

Among Trusts, **S. Pearson**, a firm market lately on the preliminary figures, met profit-taking and reacted to 208p before settling at 210p for a fall of 4.

News that the CY Tung bid is not to be referred to the Monopolies Commission prompted a jump of 27 to 410p in **Furness Withy**, while **Fashion and General**, which has a stake in FW, rose 13 more to 213p.

Among barely-tested Textiles, **Tootal** added a couple of pence to 26p following the maintained annual dividend.

## Golds up again

South African Golds took Wednesday's recovery a stage further in the wake of the renewed strength of the bullion price. The latter rose $15 more to $522.50 an ounce on the continuing tension in the Middle East, the recent easing in U.S. interest rates and the reduction in gold trading margin requirements there.

Gold shares opened on a firm note and edged higher throughout the day reflecting modest local and overseas buying which left quotations at the day's best. The Gold Mines index put on 9.7 more to 302.1 for a two-day gain of 14.9. Among the heavyweights, **Winkelhaak** and **President Brand** were outstanding wiih rises of a point apiece to £12 and £17 respectively.

South African Financials provided a feature in **General Mining** which touched 725p before closing a net 55 up at 715p in response to persistent Johannesburg buying in a market short of stock. "**Amgold**" rose ⅝ to £34 ahead of the chairman's statement.

London Financials drifted on lack of interest and the easier trend in UK equities. **Selection Trust** slipped 6 to 608p, **Gold Fields** 4 to 474p and **Rio Tinto-Zinc** 3 to 357p. Platinums closed a fraction better, reflecting the buoyancy of Golds, with **Rustenburg** 3 up at 215p.

Australians lacked a decided trend although the Rundle oil-shale partners and the Ashton diamond participants both registered substantial gains.

**Central Pacific Minerals** advanced ¼ to £20¼ and **Southern Pacific Petroleum** 50 to 775p reflecting godo gains in the Australian oil exploration sector.

Speculative buying prompted sharp rises in the Ashton venturers. **Couzinc Riotinto** jumped 10 to 248p, **Northern Mining** a like amount to 110p and **Ashton Mining** 7 to 119p.

The rise in the bullion price prompted good interest in **Gold Mines of Kalgoorlie**, 5 up at 197p, **North Kalgurli**, 4 firmer at 66p and **Poseidon**, 3 better at 114p.

## FINANCIAL TIMES STOCK INDICES

| | Apr. 24 | Apr. 23 | Apr. 22 | Apr. 21 | Apr. 18 | Apr. 17 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs. | 66.48 | 66.80 | 66.55 | 67.00 | 66.68 | 66.74 | 74.88 |
| Fixed Interest | 67.11 | 67.13 | 67.23 | 67.35 | 67.15 | 67.02 | 76.82 |
| Industrial | 434.8 | 435.2 | 434.3 | 441.1 | 442.7 | 442.6 | 546.9 |
| Gold Mines | 302.1 | 292.4 | 287.2 | 301.2 | 300.0 | 289.2 | 166.2 |
| Ord. Div. Yield | 8.09 | 8.07 | 8.10 | 7.97 | 7.95 | 7.98 | 6.31 |
| Earnings, Yld. % (full) | 19.89 | 19.83 | 19.90 | 19.60 | 19.54 | 19.50 | 14.24 |
| P/E Ratio (net) (*) | 6.11 | 6.13 | 6.11 | 6.20 | 6.22 | 6.23 | 9.00 |
| Total bargains | 17,701 | 17,038 | 16,748 | 18,378 | 16,505 | 16,950 | — |
| Equity turnover £m | — | 98.43 | 75.91 | 108.50 | 80.34 | 79.76 | 128.23 |
| Equity bargains total | — | 12,711 | 11,523 | 12,298 | 11,354 | 11,511 | 24,831 |

10 am 435.0. 11 am 432.8. Noon 433.4. 1 pm 432.8.
2 pm 432.5. 3 pm 434.0.
Latest Index 01-246 8026.
* Nil = 5.76.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

## HIGHS AND LOWS

| | 1980 High | 1980 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 69.26 (21/1) | 65.85 (7/3) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 69.61 (21/1) | 64.70 (10/3) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 478.8 (13/2) | 406.9 (3/1) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines | 377.9 (28/2) | 265.5 (18/3) | 442.3 (22/5/75) | 43.5 (26/10/71) |

## S.E. ACTIVITY

| | Apr. 24 | Apr. 23 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 101.4 | 103.8 |
| Industrials | 113.4 | 107.2 |
| Speculative | 30.6 | 29.8 |
| Totals | 76.3 | 75.7 |
| 5-day Avge. | | |
| Gilt Edged | 114.9 | 117.8 |
| Industrials | 103.3 | 102.3 |
| Speculative | 26.4 | 26.9 |
| Totals | 74.5 | 74.3 |

## NEW HIGHS AND LOWS FOR 1980

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

### NEW HIGHS (22)

[illegible]

### NEW LOWS (59)

[illegible]

## RISES AND FALLS YESTERDAY

| | | | |
|---|---|---|---|
| British Funds | 4 | 79 | 4 |
| Corpn. Dom. and Foreign Bonds | 2 | 3 | 61 |
| Industrials | 120 | 390 | 925 |
| Financial and Prop. | 48 | 145 | 307 |
| Oils | 11 | 12 | 25 |
| Plantations | 9 | 2 | 16 |
| Mines | 71 | 20 | 64 |
| Others | 44 | 35 | 56 |
| Totals | 309 | 646 | 1,458 |

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section) | Thurs., April 24, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Wed., April 23 Index No. | Tues., April 22 Index No. | Mon., April 21 Index No. | Fri., April 18 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (172) | 236.97 | −0.5 | 18.59 | 6.76 | 6.72 | 238.21 | 238.29 | 240.16 | 240.02 | 280.19 |
| 2 | Building Materials (28) | 234.50 | +0.1 | 17.43 | 6.85 | 7.21 | 234.28 | 236.45 | 237.76 | 236.90 | 261.38 |
| 3 | Contracting, Construction (27) | 351.83 | −0.5 | 27.09 | 7.01 | 4.50 | 353.68 | 356.23 | 356.21 | 357.51 | 433.67 |
| 4 | Electricals (16) | 620.59 | −0.8 | 13.40 | 4.07 | 9.73 | 625.78 | 622.07 | 629.40 | 631.24 | 675.66 |
| 5 | Engineering Contractors (11) | 281.82 | −0.5 | 23.29 | 9.16 | 5.64 | 283.22 | 285.27 | 286.24 | 284.67 | 422.06 |
| 6 | Mechanical Engineering (74) | 158.00 | −0.6 | 21.68 | 8.36 | 5.65 | 159.02 | 158.92 | 160.13 | 159.96 | 207.31 |
| 8 | Metals and Metal Forming (16) | 162.62 | −0.5 | 21.25 | 10.01 | 5.68 | 163.46 | 162.96 | 164.36 | 163.40 | 188.35 |
| 11 | CONSUMER GOODS (DURABLE) (49) | 216.70 | −0.3 | 15.58 | 5.90 | 7.91 | 217.39 | 216.77 | 219.24 | 218.63 | 253.15 |
| 12 | Lt. Electronics, Radio, TV (14) | 313.44 | −0.5 | 11.65 | 4.24 | 10.97 | 314.99 | 313.65 | 318.34 | 317.63 | 344.65 |
| 13 | Household Goods (14) | 105.67 | −0.1 | 27.97 | 10.50 | 4.22 | 105.80 | 106.37 | 106.82 | 106.38 | 176.40 |
| 14 | Motors and Distributors (21) | 102.76 | +0.1 | 24.25 | 9.69 | 4.90 | 102.62 | 102.55 | 102.83 | 102.40 | 130.17 |
| 21 | CONSUMER GOODS (NON-DURABLE) (173) | 213.71 | −0.9 | 19.03 | 7.26 | 6.40 | 215.60 | 216.32 | 219.16 | 218.47 | 262.50 |
| 22 | Breweries (14) | 267.06 | −0.4 | 16.58 | 6.58 | 7.09 | 268.00 | 267.87 | 273.39 | 273.40 | 295.92 |
| 23 | Wines and Spirits (5) | 301.67 | −0.5 | 18.06 | 6.19 | 6.82 | 303.28 | 304.48 | 306.54 | 306.14 | 339.03 |
| 24 | Entertainment, Catering (17) | 287.04 | −1.2 | 19.94 | 7.57 | 6.22 | 290.64 | 290.92 | 296.83 | 297.00 | 366.96 |
| 25 | Food Manufacturers (21) | 190.81 | −0.5 | 20.58 | 7.72 | 5.70 | 191.85 | 192.93 | 193.88 | 191.90 | 231.93 |
| 26 | Food Retailing (13) | 290.95 | −3.8 | 13.56 | 4.84 | 8.88 | 302.29 | 302.11 | 303.71 | 302.00 | 315.64 |
| 32 | Newspapers, Publishing (13) | 410.95 | −1.1 | 23.77 | 7.37 | 5.65 | 415.43 | 417.13 | 419.39 | 419.48 | 480.17 |
| 33 | Packaging and Paper (15) | 129.26 | −0.6 | 24.67 | 9.04 | 4.99 | 130.11 | 130.24 | 129.97 | 130.88 | 152.15 |
| 34 | Stores (43) | 211.58 | −0.8 | 14.36 | 5.51 | 9.10 | 213.33 | 213.88 | 218.43 | 217.83 | 264.92 |
| 35 | Textiles (24) | 121.49 | +0.4 | 29.68 | 12.69 | 4.20 | 120.96 | 121.55 | 123.20 | 122.96 | 185.16 |
| 36 | Tobaccos (3) | 199.58 | −1.0 | 29.18 | 11.60 | 3.89 | 201.56 | 204.05 | 205.05 | 204.05 | 276.13 |
| 37 | Toys and Games (5) | 33.47 | +0.4 | 44.93 | 15.16 | 2.74 | 33.32 | 33.32 | 33.50 | 32.89 | 89.32 |
| 41 | OTHER GROUPS (98) | 198.44 | −0.5 | 17.76 | 7.42 | 6.73 | 199.41 | 198.73 | 200.68 | 200.59 | 228.52 |
| 42 | Chemicals (16) | 294.44 | −0.5 | 21.03 | 8.14 | 5.44 | 295.95 | 294.74 | 299.49 | 300.29 | 318.85 |
| 43 | Pharmaceutical Products (7) | 188.28 | −0.2 | 13.33 | 7.11 | 9.11 | 188.66 | 187.93 | 191.13 | 190.97 | 271.16 |
| 44 | Office Equipment (6) | 109.15 | −0.5 | 19.57 | 7.51 | 5.90 | 109.66 | 109.11 | 110.03 | 110.13 | 147.85 |
| 45 | Shipping (11) | 471.13 | +1.2 | 12.03 | 6.41 | 10.25 | 465.58 | 467.95 | 469.80 | 465.44 | 464.92 |
| 46 | Miscellaneous (58) | 239.53 | −0.9 | 17.42 | 7.07 | 7.20 | 241.75 | 240.80 | 241.35 | 240.92 | 261.14 |
| 49 | INDUSTRIAL GROUP (492) | 222.91 | −0.7 | 18.36 | 7.07 | 6.65 | 224.37 | 224.48 | 226.92 | 226.50 | 265.98 |
| 51 | Oils (8) | 700.75 | −2.0 | 32.42 | 7.35 | 3.31 | 714.88 | 715.35 | 721.40 | 730.67 | 689.15 |
| 59 | 500 SHARE INDEX | 260.85 | −0.9 | 21.19 | 7.13 | 5.53 | 263.28 | 263.42 | 266.15 | 266.46 | 300.49 |
| 61 | FINANCIAL GROUP (118) | 198.05 | −0.2 | — | 6.23 | — | 198.53 | 197.61 | 199.78 | 198.81 | 213.84 |
| 62 | Banks (6) | 214.06 | −0.3 | 45.71 | 7.19 | 2.68 | 214.62 | 212.58 | 215.09 | 214.60 | 256.19 |
| 63 | Discount Houses (10) | 232.54 | [illegible] | — | 8.58 | — | [illegible] | [illegible] | [illegible] | [illegible] | 262.02 |
| 64 | Hire Purchase (5) | 200.97 | [illegible] | 16.34 | 4.94 | 7.95 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 65 | Insurance (Life) (10) | 131.86 | +0.4 | — | 6.82 | — | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 66 | Insurance (Composite) (9) | 124.54 | −0.1 | — | 8.64 | — | 124.61 | 125.02 | 127.34 | 125.87 | 152.41 |
| 67 | Insurance Brokers (10) | 297.71 | −0.4 | 16.42 | 6.88 | 8.53 | 298.88 | 296.48 | 298.87 | 301.63 | 332.54 |
| 68 | Merchant Banks (14) | 103.92 | −0.2 | — | 6.00 | — | 104.09 | 104.28 | 104.42 | 104.41 | 101.62 |
| 69 | Property (45) | 388.01 | −0.7 | 3.37 | 2.90 | 42.58 | 390.56 | 387.97 | 390.00 | 398.16 | 357.25 |
| 70 | Miscellaneous (9) | 127.86 | −0.2 | 20.45 | 7.35 | 6.22 | 128.06 | 127.61 | 127.94 | 127.87 | 130.38 |
| 71 | Investment Trusts (109) | 212.91 | −0.5 | — | 6.17 | — | 213.95 | 212.08 | 213.96 | 213.09 | 248.31 |
| 81 | Mining Finance (4) | 184.02 | −0.8 | 14.49 | 5.36 | 8.38 | 185.57 | 183.56 | 186.71 | 186.53 | 142.05 |
| 91 | Overseas Traders (19) | 383.62 | +0.1 | 13.06 | 7.02 | 9.38 | 383.32 | 386.26 | 388.50 | 391.27 | 367.70 |
| 99 | ALL-SHARE INDEX (750) | 245.98 | −0.8 | — | 6.86 | — | 247.84 | 247.57 | 250.17 | 250.14 | 276.63 |

### FIXED INTEREST PRICE INDICES

| | British Government | Thurs., April 24 | Day's change % | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|
| 1 | Under 5 years | 102.01 | −0.17 | — | 3.45 |
| 2 | 5-15 years | 106.12 | −0.46 | — | 3.97 |
| 3 | Over 15 years | 109.79 | −0.51 | — | 4.51 |
| 4 | Irredeemables | 127.14 | −0.42 | — | 1.78 |
| 5 | All stocks | 105.70 | −0.38 | — | 3.89 |

### FIXED INTEREST YIELDS

| | British Govt. Av. Gross Red. | | Thurs., April 24 | Wed., April 23 | Year ago (approx.) |
|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 12.66 | 12.57 | 9.34 |
| 2 | | 15 years | 12.49 | 12.40 | 10.23 |
| 3 | | 25 years | 12.18 | 12.10 | 10.48 |
| 4 | Medium Coupons | 5 years | 14.43 | 14.32 | 10.91 |
| 5 | | 15 years | 14.07 | 13.95 | 11.25 |
| 6 | | 25 years | 13.95 | 13.88 | 11.69 |
| 7 | High Coupons | 5 years | 14.50 | 14.41 | 11.26 |
| 8 | | 15 years | 14.43 | 14.34 | 11.91 |
| 9 | | 25 years | 14.37 | 14.29 | 11.96 |
| 10 | Irredeemables | | 11.77 | 11.72 | 10.61 |

| | | Thurs., April 24 Index No. | Yield % | Wed. April 23 | Tues. April 22 | Mon. April 21 | Fri. April 18 | Thurs. April 17 | Wed. April 16 | Tues. April 15 | Year ago (approx.) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb & Loans (15) | 49.93 | 14.60 | 49.94 | 49.93 | 49.89 | 49.82 | 49.85 | 49.74 | 49.62 | 61.31 |
| 16 | Investment Trust Prefs. (15) | 47.81 | 14.14 | 47.81 | 47.81 | 47.67 | 47.67 | 47.72 | 47.69 | 52.61 | |
| 17 | Coml. and Indl. Prefs. (20) | 61.78 | 14.51 | 61.72 | 61.72 | 61.84 | 61.88 | 61.61 | 61.26 | 61.45 | 75.17 |

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1980 high | 1980 low |
|---|---|---|---|---|---|---|
| BP | 25p | 10 | 326 | −6 | 412 | 324 |
| Unitech "New" | Nil/pd. | 9 | 123pm | — | 163pm | 116pm |
| BAT Inds. | 25p | 8 | 230 | −3 | 271 | 226 |
| GEC | 25p | 7 | 373 | −3 | 388 | 326 |
| LASMO | 25p | 7 | 542 | +7 | 543 | 337 |
| Premier Cons. | 5p | 7 | 74 | — | 87 | 39¼ |
| Ultramar | 25p | 7 | 594 | −6 | 616 | 412 |
| Burmah Oil | £1 | 6 | 204 | −7 | 249 | 162 |
| Courtaulds | 25p | 6 | 67 | +1 | 79 | 64 |
| ICI | £1 | 6 | 362 | −2 | 402 | 353 |
| Amstrad New | 25p | 5 | 91 | −2½ | 95 | 90 |
| Beecham | 25p | 5 | 117 | — | 134 | 112 |
| ICL | 25p | 5 | 132 | −5 | 145 | 111 |
| Royal Insurance | 25p | 5 | 320 | — | 356 | 307 |
| Tarmac | 50p | 5 | 225 | +3 | 240 | 183 |

## OPTIONS

**DEALING DATES**

| First Dealing | Last Dealing | Last Declaration | For Settlement |
|---|---|---|---|
| Apr. 21 | May 3 | Jul. 24 | Aug. 4 |
| May 6 | May 16 | Aug. 7 | Aug. 18 |
| May 19 | Jun. 6 | Aug. 28 | Sept. 8 |

*For rate indications see end of Share Information Service.*

Stocks favoured for the call included Courtaulds, Lonrho, P & O Deferred, FNFC, Pacific Copper, BSG, Bambers, Burmah, Lasmo, Status Discount, BP, Vickers, Grattan Warehouses, European Ferries, Premier Oil, Selection Trust and Peko-Wallsend. A put was done in FNFC, while doubles were completed in MFI, BSG and Burmah.

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | April Closing offer | April Vol. | July Closing offer | July Vol. | Oct. Closing offer | Oct. Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 430 | 86 | 1 | 40 | — | 52 | 7 | 325p |
| BP | 360 | 14 | 5 | 26 | — | 38 | — | " |
| BP | 390 | 8 | 2 | 17 | [illegible] | [illegible] | [illegible] | " |
| BP | 420 | 4 | — | 10 | [illegible] | [illegible] | [illegible] | " |
| Com. Union | 130 | 15 | — | 18 | [illegible] | [illegible] | [illegible] | [illegible] |
| Com. Union | 140 | 7 | 3 | 13 | [illegible] | [illegible] | [illegible] | " |
| Cons. Gold | 460 | 48 | 2 | 70 | [illegible] | [illegible] | [illegible] | [illegible] |
| Cons. Gold | 500 | 26 | 18 | 45 | [illegible] | [illegible] | [illegible] | " |
| Courtaulds | 60 | 11 | — | 12 | [illegible] | [illegible] | [illegible] | [illegible] |
| GEC | 330 | 60 | 1 | 74 | [illegible] | [illegible] | [illegible] | [illegible] |
| GEC | 390 | 22 | 3 | 37 | [illegible] | [illegible] | [illegible] | " |
| Grand Met. | 130 | 7 | 27 | 12 | [illegible] | [illegible] | [illegible] | [illegible] |
| ICI | 300 | 5 | — | — | [illegible] | [illegible] | [illegible] | [illegible] |
| ICI | 300 | 5 | 38 | — | [illegible] | [illegible] | [illegible] | " |
| ICI | 390 | — | 19 | 10 | [illegible] | [illegible] | [illegible] | " |
| Land Secs. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Land Secs. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Marks & Sp. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Marks & Sp. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Shell | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Shell | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Shell | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Totals | | | [illegible] | | [illegible] | | [illegible] | |
| | | May | | August | | November | | |
| Imperial Gp. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Racal Elec. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Racal Elec. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Racal Elec. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| RTZ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| RTZ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Totals | | | [illegible] | | [illegible] | | [illegible] | |

## RECENT ISSUES

### EQUITIES

| Stock | |
|---|---|
| Amstrad Cons. Elect. | [illegible] |
| Barkby Exploration | [illegible] |
| Hemerdon Mining | [illegible] |
| Roche Plant 10p | [illegible] |
| Safeway Stores | [illegible] |
| Trst. of Prop. Shrs. 5p | [illegible] |
| Ward Hldgs. Dfd. | [illegible] |

### FIXED INTEREST STOCKS

| Stock | |
|---|---|
| Edwards (L.C.) 8% Conv. Red. Cum. Pref. | [illegible] |
| Globe Inv Tst 11½% Conv Uns Ln '90-95 | [illegible] |
| Imp. Cont. Gas 6% Conv. Loan 1995-2000 | [illegible] |
| Leigh Interests 9pc Conv. Uns. Ln. 1984-89 | [illegible] |
| Mid Kent Water 9% Red Pref. 1985 | [illegible] |
| Morley (R.H.) 10p | [illegible] |
| Northwest Hold 11½% Red Cum Pref 1985 | [illegible] |
| Sutton District Water 10pc Red Pref. 1985 | [illegible] |

### "RIGHTS" OFFERS

| Stock | |
|---|---|
| ABG Research | [illegible] |
| Aran Energy | [illegible] |
| Brent Chemicals | [illegible] |
| Hammerson Prop. A | [illegible] |
| Howard Tenens | [illegible] |
| Panconitinental | [illegible] |
| Rugby Portland Cement | [illegible] |
| Unitech | [illegible] |
| United Biscuits | [illegible] |
| Watmoughs | [illegible] |

Renunciation date usually last day for dealing free of stamp duty. [illegible]

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

[illegible]

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

[illegible]

Allen Harvey & Ross Unit Tst. Mngrs.

[illegible]

Allied Hambro Group (a) (g)

[illegible]

Anderson Unit Trust Managers Ltd.

[illegible]

Ansbacher Unit Mgmt. Co. Ltd.

[illegible]

Arbuthnot Securities Ltd. (a)(c)

[illegible]

Archway Unit Tst. Mgs. Ltd.

[illegible]

Barclays Unicorn Ltd.

[illegible]

Baring Brothers & Co., Ltd.

[illegible]

Bishopsgate Progressive Mgmt. Co.

[illegible]

Bridge Fund Managers (a)(c)

[illegible]

Britannia Trust Management (a)(c)

[illegible]

The British Life Office Ltd.

[illegible]

Brown Shipley & Co. Ltd.

[illegible]

Canada Life Unit Tst. Mngrs. Ltd.

[illegible]

Capel (James) Mngt. Ltd.

[illegible]

Carliol Unit Fd. Mgrs. Ltd.

[illegible]

Charities Official Invest. Fund

[illegible]

Chieftain Trust Managers Ltd.

[illegible]

Confederation Funds Mgt. Ltd.

[illegible]

Cosmopolitan Fund Managers

[illegible]

Craigmount Unit Tst. Mgrs. Ltd.

[illegible]

Crescent Unit Tst. Mngrs. Ltd.

[illegible]

### NOTES

[illegible]

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Management Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd.

Friends' Provdt. Unit Tr. Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust

Gartmore Fund Managers

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

Hill Samuel Unit Tst. Mgrs.

Intel

Key Fund Managers Ltd.

Kleinwort Benson Unit Managers

L. & C. Unit Trust Management Ltd.

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group

[illegible]

MandLife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngmnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers

National Provident Inv. Mngrs. Ltd.

National Westminster

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group

Pearl Trust Managers Ltd.

Pelican Units Admin. Ltd.

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd.

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Schlesinger Trust Mngrs. Ltd.

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd.

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd.

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs.

Tyndall Managers Ltd.

TSB Unit Trusts

Ulster Bank

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

[illegible]

## INSURANCE PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Gartmore Bonds

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (Unit Pensions) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'dean & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life Linked Assur. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Manufacturers Life Insurance Co.

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (UK) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Planned Savings Group

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Ass. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

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## OFFSHORE & OVERSEAS FUNDS

Bridge Management Ltd.

Britannia Tst. Mngmt. (C.I.) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

DWS Deutsche Ges. F. Wertpapiersp

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Group

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Invest. Mgmt. Intnl.

N.V. Interbeheer

International Pacific Inv. Mgmt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive Mgmt. Co.

Leopold Joseph & Sons (Guernsey)

Kemp-Gee Managemt. Jersey Ltd.

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lazard Brothers & Co. (Jersey) Ltd.

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# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 98 5/16 | 95⅞ | Treasury 3½pc '77-80 | 98 5/16 | +⅛ | 3.56 | 15.52 |
| 98½ | 96 | Funding 5¼pc '78-80‡‡ | 98½ | +1/16 | 5.32 | 15.92 |
| 98 15/16 | 97⅞ | Exchequer 13pc 1980‡‡ | 98 15/16xd | +1/16 | 13.17 | 15.52 |
| 97 11/16 | 96¾ | Treasury 11½pc 1981‡‡ | 97 11/16 | +1/32 | 11.77 | 14.77 |
| 92¼ | 90¼ | Treasury 3½pc 1979-81 | 91¾ | −⅛ | 3.81 | 14.55 |
| 95⅞ | 93⅜ | Treasury 9¾pc 1981‡‡ | 95 13/16 | −1/16 | 10.17 | 14.65 |
| 93¼ | 91¼ | Exch. 8¼pc 1981 | 93 5/16 | −1/16 | 8.85 | 14.93 |
| 94⅛ | 92¼ | Exch. 9½pc 1981 | 94 3/16 | −1/16 | 10.09 | 14.69 |
| 89¾ | 85½ | Exch. 3pc 1981 | 89⅝ | ..... | 3.34 | 11.66 |
| 97 13/16 | 96½ | Treas. Variable '81‡‡ | 97 7/16xd | ..... | 16.45 | 18.56 |
| 97 7/16 | 95 3/16 | Exch. 12¾pc 1981‡‡ | 97 5/16xd | −1/16 | 13.10 | 14.79 |
| 90 11/16 | 88½ | Treas. 8½pc '80-82‡‡ | 90⅞ | −1/16 | 9.35 | 14.59 |
| 86¾ | 82½ | Treasury 3pc '82‡‡ | 86⅝ | ..... | 3.46 | 11.35 |
| 99⅝ | 96⅝ | Treasury 14pc '82‡‡ | 99 7/16 | −1/16 | 14.07 | 14.29 |
| 95⅞ | 94¼ | Treas. Variable '82‡‡ | 94 15/16 | −⅛ | 17.50 | 19.53 |
| 89 3/16 | 86⅛ | Treasury 8¼pc '82 | 89 | −1/16 | 9.26 | 14.22 |
| 89⅞ | 86⅜ | Exch. 9¼pc 1982 | 89 7/16 | −1/16 | 10.34 | 14.55 |
| 88 3/16 | 85 | Exch. 8¾pc 1983 | 88 | −1/16 | 9.94 | 14.21 |
| 79⅞ | 76½ | Exch 3pc '83 | 79¼ | −⅛ | 3.78 | 11.83 |
| 94 1/16 | 90⅞ | Treasury 12pc 1983‡‡ | 93¾ | −1/16 | 12.80 | 14.69 |
| 93⅝ | 90⅝ | Treas. Variable '83‡‡ | 93 7/16xd | ..... | 17.32 | 19.66 |
| 92 3/16 | 84½ | Treasury 9½pc '83 | 87 5/16 | −⅛ | 10.59 | 14.25 |
| 97⅛ | 94¼ | Exch. 13½pc '83 | 96¾xd | −⅛ | 13.93 | 14.71 |
| 87¾ | 84½ | Exch. 10pc 1983 | 87⅛ | −⅛ | 11.44 | 14.56 |
| 79½ | 76½ | Funding 5½pc '82-84‡‡ | 79⅛ | −⅛ | 6.95 | 12.68 |
| 90 11/16 | 87¼ | Exch. 11¼pc 1984 | 90 5/16t | −⅛ | 12.45 | 14.49 |
| 98⅜ | 94½ | Exchequer 14pc 1984 | 97 13/16xd | −¼ | 14.31 | 14.76 |
| 70⅞ | 68¼ | Exch. 3pc 1984 | 70⅛ | −1/16 | 4.27 | 12.41 |
| 92½ | 88⅜ | Treasury 12pc 1984 | 92¼ | −1/16 | 13.00 | 14.39 |
| 103⅜ | 98 | Treasury 15pc 1985 | 101¾ | −⅛ | 14.74 | 14.44 |

### Five to Fifteen Years

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 97⅝ | 90⅛ | Exch. 12¼pc 1985 | 92¼ | −¼ | 13.14 | 14.07 |
| 85¼ | 79¼ | Treasury 8½pc '84-86‡‡ | 84⅞ | −⅛ | 10.31 | 12.66 |
| 99½ | 91 | Exch. 13¼pc 1987 | 99¼ | −¼ | 13.82 | 14.14 |
| 75⅝ | 70¾ | Funding 6½pc '85-87‡‡ | 73½xd | −¼ | 8.83 | 12.21 |
| 76¾ | 72¼ | Treasury 7¾pc '85-88‡‡ | 76⅜ | −¼ | 10.40 | 13.07 |
| 60¼ | 54⅞ | Transport 3pc '78-88 | 59⅝ | −⅛ | 5.11 | 10.70 |
| 89¼ | 83 | Treasury 11½pc 1989 | 88½ | −¼ | 13.29 | 14.20 |
| 64⅛ | 58⅜ | Treasury 5pc '86-89 | 61 | −¼ | 8.21 | 11.97 |
| 98½ | 89¾ | Treasury 13pc 1990‡‡ | 97¾ | −¼ | 13.80 | 14.10 |
| 75⅝ | 69⅞ | Treasury 8¼pc '87-90‡‡ | 75¼ | −⅛ | 11.41 | 13.30 |
| 90 | 82½ | Treasury 11¾pc 1991 | 89¼ | −⅜ | 13.68 | 14.35 |
| 64⅝ | 57½ | Funding 5¾pc '87-91‡‡ | 60½ | −¼ | 9.55 | 12.53 |
| 87⅜ | 78⅛ | Exch. 11pc 1991 | 81½xd | −½ | 13.49 | 14.17 |
| 94⅞ | 87⅛ | Treasury 12¾pc '92‡‡ | 93⅞ | −½ | 14.07 | 14.41 |
| 81⅝ | 74⅜ | Treasury 10pc 1992 | 78½ | −⅜ | 13.02 | 14.07 |
| 94½ | 84¾ | Exch. 12¼pc '92 | 89⅜ | −½ | 14.02 | 14.46 |
| 93 | 85½ | Treasury 12½pc '93‡‡ | 92½ | −½ | 14.10 | 14.43 |
| 62⅛ | 54⅝ | Funding 6pc 1993‡‡ | 57⅞ | −⅛ | 10.48 | 12.73 |
| 101¾ | 93½ | Treasury 13¾pc 1993‡‡ | 94⅝xd | −½ | 14.37 | 14.49 |
| 109⅞ | 96⅜ | Treasury 14½pc '94‡‡ | 101⅝ | −½ | 14.58 | 14.58 |
| 95⅛ | 85⅛ | Exch. 12½pc 1994 | 90⅝ | −½ | 14.12 | 14.41 |
| 76¾ | 69⅝ | Treasury 9pc '94‡‡ | 71½xd | −⅜ | 12.55 | 13.49 |
| 89¾ | 82 | Treasury 12pc '95 | 88½ | −½ | 14.03 | 14.37 |

### Over Fifteen Years

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 47⅞ | 42⅝ | Gas 3pc '90/95 | 45xd | −⅛ | 6.66 | 10.25 |
| 79½ | 73¼ | Exch. 10¼pc 1995 | 78⅞ | −⅜ | 13.45 | 14.07 |
| 96⅞ | 87½ | Treasury 12¾pc '95‡‡ | 89⅝xd | −⅝ | 14.11 | 14.32 |
| 98⅝ | 94⅛ | Treas. 14pc '96 | 97½ | −⅜ | 14.53 | 14.59 |
| 76½ | 67¾ | Treasury 9pc '92/96‡‡ | 71⅝ | −⅜ | 12.74 | 13.54 |
| 112 | 99½ | Treasury 15¼pc '96‡‡ | 103½xd | −⅜ | 14.68 | 14.63 |
| 99¾ | 90⅛ | Exchequer 13¼pc '96‡‡ | 92¼xd | −½ | 14.25 | 14.39 |
| 46⅞ | 41¾ | Redemption 3pc 1986-96 | 44½ | ..... | 6.77 | 9.95 |
| 97⅞ | 89 | Treasury 13¼pc '97‡‡ | 96¼ | −½ | 14.27 | 14.37 |
| 82⅝ | 74¼ | Exchequer 10½pc 1997 | 79⅛ | −⅜ | 13.58 | 14.03 |
| 74⅞ | 65⅞ | Treasury 8¾pc 1997‡‡ | 69⅞ | −⅜ | 12.76 | 13.46 |
| 62 | 54¼ | Treasury 6¾pc '95-98‡‡ | 57½xd | −⅜ | 11.71 | 12.84 |
| 115¼ | 101 | Treas. 15½pc '98‡‡ | 106½ | −⅜ | 14.70 | 14.63 |
| 91¾ | 83⅝ | Exch. 12pc 1998 | 85 | −⅜ | 13.98 | 14.19 |
| 75⅝ | 69¾ | Treasury 9½pc 1999‡‡ | 75 | −⅜ | 13.12 | 13.59 |
| 95 | 82⅞ | Exch. 12¼pc 1999 | 87⅝ | −½ | 14.14 | 14.31 |
| 82⅜ | 75⅝ | Treasury 10½pc 1999 | 76⅝xd | −⅜ | 13.58 | 13.93 |
| 103⅞ | 94⅛ | Treas. 14pc '98-01 | 95⅞xd | −½ | 14.44 | 14.49 |
| 89¾ | 81⅜ | Exch. 12pc '99-02 | 88⅛ | −⅜ | 14.07 | 14.18 |
| 100⅛ | 91¼ | Treas. 13¾pc 2000-03 | 99 | −½ | 14.38 | 14.40 |
| 102 | 93⅜ | Treas. 13¾pc 2000-03 A | 100⅞ | −½ | 14.41 | 14.42 |
| 90⅝ | 78⅝ | Treasury 11½pc '01-04 | 83⅜ | −⅜ | 13.98 | 14.10 |
| 37¼ | 34⅜ | Funding 3½pc '99-04 | 37 | −¼ | 9.71 | 11.23 |
| 95¼ | 86½ | Treasury 12½pc '03-05 | 87¾xd | −½ | 14.10 | 14.16 |
| 68¼ | 59¼ | Treasury 8pc '02-06‡‡ | 63 | −½ | 12.78 | 13.06 |
| 89 | 80¼ | Treasury 11¾pc 03-07 | 87 | −⅜ | 13.05 | 14.04 |
| 20⅞ | 19⅝ | Trs. 13½pc 04-08 (£20pd) | 19¾ | −1/16 | 14.14 | 14.16 |
| 50⅛ | 42⅞ | Treasury 5½pc '08-12‡‡ | 46 | −½ | 12.13 | 12.43 |
| 63½ | 57½ | Treasury 7¾pc '12-15‡‡ | 62⅜ | −½ | 12.81 | 12.91 |
| 93⅞ | 85⅛ | Exch. 12pc '13-'17 | 92¼ | −½ | 13.66 | 13.66 |

### Undated

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 31⅞ | 29 | Consols 4pc | 31⅝ | −⅛ | 13.03 | — |
| 33¼ | 28⅞ | War Loan 3½pc‡‡ | 31⅞ | −⅛ | 11.49 | — |
| 37¼ | 32¾ | Conv. 3½pc '61 Aft. | 34 | −⅛ | 10.36 | — |
| 25⅛ | 21⅝ | Treasury 3pc 66 Aft. | 23 | ..... | 13.14 | — |
| 22⅞ | 19½ | Consols 2½pc | 20⅛ | −⅛ | 12.35 | — |
| 20⅞ | 17⅞ | Treasury 2½pc | 19⅛ | −⅛ | 13.01 | — |

## INTERNATIONAL BANK

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 86 | 78 | 5pc Stock '77-82 | 84¾ | ..... | 5.98 | 12.80 |

## CORPORATION LOANS

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 89½ | 83⅝ | Bath 11¼pc 1985 | 87½xd | ..... | 12.82 | 14.54 |
| 97¾ | 89½ | Birm'ham 12½pc 1985 | 97¼ | ..... | 13.54 | 14.64 |
| 98½ | 96¾ | Bristol 13¾pc 1981 | 98⅛ | ..... | 14.01 | 16.05 |
| 97¼ | 90 | Burnley 13pc 1987 | 97 | ..... | 14.14 | 14.85 |
| 89½ | 82¾ | Cardiff 11pc 1986 | 85½xd | ..... | 12.86 | 14.49 |
| 95¼ | 93 | G.L.C. 12½pc '82 | 95¼ | ..... | 13.12 | 15.22 |
| 93¾ | 90¼ | Do. 12½pc 1983 | 93¼ | ..... | 13.40 | 15.15 |
| 88 | 84¾ | Glasgow 9¼pc '80-82 | 88 | +¼ | 10.51 | 15.12 |
| 71¼ | 64½ | Herts 6¾pc 1985-87 | 70¼ | ..... | 9.78 | 13.65 |
| 84½ | 81¼ | Liverpool 9¾pc '80-84 | 84½ | ..... | 11.54 | 14.97 |
| 27 | 24 | Do. 3½pc Irred. | 25½ | ..... | 14.07 | — |
| 95¼ | 92¼ | Lon. Corp. 13¼pc '83 | 95 | ..... | 13.95 | 15.11 |
| 86½ | 79¼ | Do. 9¼pc '84-85 | 82½ | ..... | 11.29 | 14.08 |
| 73 | 71 | L.C.C. 5½pc '82-84 | 73 | ..... | 7.54 | 14.19 |
| 66 | 60½ | Do. 5½pc '85-87 | 65 | ..... | 8.73 | 13.80 |
| 66 | 60¾ | Do 6¾pc '88-90 | 64¾ | ..... | 10.74 | 13.44 |
| 23¾ | 21 | Do. 3pc '20 Aft. | 22¼ | ..... | 13.98 | — |
| 97¼ | 95⅝ | Newcastle 9½pc '78-80 | 97¼ | ..... | 9.51 | 16.54 |
| 90¾ | 87¾ | Sunderland 12¼pc 1984 | 90¾ | ..... | 13.50 | 15.04 |

## COMMONWEALTH & AFRICAN LOANS

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 86 | 82¼ | Aust. 5½pc '81-82 | 86 | ..... | 6.42 | 14.17 |
| 79¼ | 76 | Do. 6pc 1981-83 | 79¼ | ..... | 7.81 | 14.42 |
| 63 | 58 | N.Z. 7¼pc 1988-92 | 63 | ..... | 11.93 | 14.06 |
| 77¼ | 72 | Do. 7½pc '83-86 | 77¼ | ..... | 10.05 | 13.73 |
| 92¾ | 88 | Sth. Africa 9½pc '79-81 | 89½xd | ..... | 10.59 | 17.38 |
| 144 | 107 | Sth. Rhod. 2½pc '65-70 | 137 | −3 | — | — |
| 150 | 133 | Do. 6pc '78-81 | 145 | −1 | — | — |

## LOANS

### Public Board and Ind.

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 60 | 56½ | Agric. Mt. 5pc '59-89 | 60 | ..... | 8.86 | 13.36 |
| 78 | 73½ | Alcan 10½pc '89-94 | 77½ | ..... | 13.81 | 14.60 |
| 28½ | 25 | Met. Wtr. 3pc 'B' | 26½ | ..... | 11.51 | 13.50 |
| 102 | 89 | U.S.M.C. 9pc 1982 | 94 | ..... | 10.44 | — |
| 89 | 85½ | Do. without Warrants | 89 | ..... | 10.60 | 17.10 |

## LOANS—Continued

### Financial

| 1980 High | Low | Stock | Price £ | + or − | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 98¾ | 96½ | FFI 13pc 1981 | 97½ | ..... | 13.33 | 16.43 |
| 96¾ | 93½ | Do. 14pc '83 | 96½ | +¼ | 15.50 | 15.24 |
| 84½ | 79½ | ICFC 5½pc Deb. '80-82 | 84 | ..... | 6.58 | 13.82 |
| 74½ | 71½ | Do. 6¼pc Db. '81-84 | 72½xd | ..... | 8.62 | 14.70 |
| 87 | 80½ | Do. 10½pc Uns.Ln. '86 | 86 | ..... | 12.67 | 15.00 |
| 87 | 77 | Do. 11pc Uns.Ln. '88 | 86 | ..... | 13.31 | 14.35 |
| 88 | 82 | Do. 11¾pc Uns.Ln. '90 | 88 | ..... | 13.93 | 14.80 |
| 61 | 56 | Do. 7¼pc A Deb. '89-92 | 60½ | ..... | 12.62 | 14.60 |
| 61 | 51½ | Do. 7½pc A Db. '91-94 | 57 | −½ | 12.94 | 14.60 |
| 72 | 64½ | Do. 9pc 'A' '91-94 | 67 | ..... | 13.67 | 14.80 |
| 65½ | 61 | Do. 8⅞pc Ln. '92-97 | 64 | ..... | 14.36 | 15.00 |
| 95 | 84½ | Do. 12¾pc Uns. Ln. 1992 | 88 | ..... | 14.40 | 14.90 |

## FOREIGN BONDS & RAILS

| 1980 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| 57 | 43 | Antofagasta Rly. | 55 | ..... | — | — |
| 50 | 50 | Do. 5pc Pref. | 50 | ..... | — | — |
| 98 | 98 | Chilean Mixed | 98 | ..... | — | 3.39 |
| 58 | 45 | Chinese 4½pc 1898 | 45 | ..... | — | — |
| 45 | 38 | Do. 5pc 1912 | 38 | ..... | — | — |
| 24 | 18 | Do. 5pc 1913 | 20 | ..... | — | — |
| 24 | 17½ | Do. 5pc 1925 Boxer | 24 | ..... | — | — |
| 430 | 425 | German Yng. 4½pc. | 430 | ..... | 4½ | — |
| 35 | 32 | Greek 7pc Ass. | 32 | ..... | 3½ | 11.41 |
| 35 | 31 | Do 6pc 28 Stab. Ass. | 31 | ..... | 6 | 9.68 |
| 34 | 30 | Do 4pc Mixed Ass. | 30 | ..... | 4 | 6.73 |
| 53 | 51 | Hung. '24 Ass. | 51 | ..... | — | 5.67 |
| 65 | 50 | Iceland 6½pc '83-88 | 50 | ..... | — | 16.20 |
| 85½ | 79 | Ireland 7½pc '81-83 | 85½ | ..... | 7½ | 14.08 |
| 79½ | 71¼ | Do 9¾pc '91-96 | 73½ | ..... | 9¾ | 14.05 |
| 235 | 200 | Japan 4pc '10 Ass | 200 | ..... | — | — |
| 69 | 57 | Do 6pc '83-88 | 57 | ..... | 6 | 11.70 |
| 155 | 155 | Peru Ass. 3pc | 155 | ..... | 3 | 2.00 |
| $92½ | $90 | S.G.I. 6½pc 1980 | $92½ | ..... | 6½ | 7.02 |
| $94½ | $84 | Turin 9pc 1991 | $84 | ..... | 10.71 | 10.11 |
| DM91 | DM90 | Turin 6½pc 1984 | DM90 | ..... | 9.90 | 9.30 |
| 96 | 96 | Uruguay 3½pc | 96 | ..... | 3½ | 3.80 |

## AMERICANS

| 1980 High | Low | Stock | £ | + or − | Div. Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 23⅜ | 16⅞ | ASA | 17¾ | +⅝ | $3.00 | — | 7.6 |
| 34 | 27½ | AMF 5% Conv. '87 | 27½ | ..... | 5% | — | 021 |
| 18½ | 15⅜ | Abbott Labs.‖ | 17⅝xd | ..... | $1.20 | — | 3.1 |
| 25¼ | 18⅝ | Amax $1 | 19¼ | ..... | $2.40 | — | 5.6 |
| 14¼ | 11½ | American Express | 14¼ | ..... | $2.0 | — | 6.3 |
| 16¾ | 12⅞ | American Medical Intl. | 15⅞ | ..... | 80c | — | 2.2 |
| 24⅞ | 13⅝ | Asarco Inc. | 15 | +¼ | $1.50 | — | 4.5 |
| 30¼ | 25¾ | Baker Intnl. Corp. $1 | 25½ | ..... | 60c | — | 1.1 |
| 845p | 680p | Barnes Grp. $6⅔ | 680pxd | ..... | 80c | — | 5.3 |
| 24⅛ | 17⅛ | Bendix Corp. $5 | 17⅝ | +⅛ | $2.84 | — | 7.2 |
| 11 | 861p | Beth. Steel $8 | 861p | −7 | $1.60 | — | 8.3 |
| 780p | 597p | Brown'g Fer. c16⅔ | 656p | +4 | 70c | — | 4.8 |
| 675p | 453p | Brunswick Corpn.‖ | 485pxd | +18 | 90c | — | 8.3 |
| 37⅞ | 28¼ | Burroughs Corp. $5 | 29⅛ | −⅜ | $2.60 | — | 4.0 |
| 24 | 19⅞ | CBS $2.50 | 20xd | −¾ | $2.80 | — | 6.3 |
| 31¼ | 25 | C.P.C. $½ | 26⅜ | +¼ | $3.40 | — | 5.8 |
| 25¼ | 19¾ | Caterpillar‖ | 20⅜xd | +¼ | $2.40 | — | 5.3 |
| 18½ | 15⅜ | Chase M'htn $12.5 | 17¼ | ..... | $2.80 | — | 7.3 |
| 10⅜ | 899p | Chesebrough $1 | 10⅛ | +⅜ | $1.28 | — | 5.7 |
| 485p | 247p | Chrysler $6¼ | 259p | −1 | †40c | — | ‡ |
| 10⅞ | 781p | Citicorp $4 | 861p | +27 | $1.42 | — | 7.4 |
| 853p | 665p | City Inv. $1.25 | 761p | −2 | $1.50 | — | 8.8 |
| 12½ | 10 | Do. Cm. Prf. B $1 | 11¾ | +¼ | $2.0 | — | 7.6 |
| 652p | 519p | Colgate-P. $1 | 563pxd | −1 | $1.08 | — | 8.6 |
| 23⅛ | 10⅜ | Colt Inds. $1 | 17⅝ | ..... | $2.90 | — | 7.4 |
| 25⅜ | 18½ | Conoco | 19¼ | +⅛ | $1.90 | — | 4.4 |
| 13 | 819p | Cont. Illinois $10 | 12¼ | −⅛ | $1.60 | 1.1 | 5.9 |
| 23⅛ | 15⅛ | Crown Zell. $5 | 15½ | ..... | $2.10 | — | 6.1 |
| 11¾ | 904p | Eaton Crp. $0.50 | 982p | +32 | $1.72 | — | 7.9 |
| 15⅛ | 11⅛ | Esmark | 11¼ | ..... | $1.84 | — | 7.4 |
| 29 | 23⅛ | Exxon ‖ | 26¼ | +⅛ | $4.80 | — | 8.2 |
| 420p | 280p | Firestone Tire ‖ | 287p | ..... | 60c | — | 9.4 |
| 695p | 529p | First Chicago | 574p | +21 | $1.20 | — | 9.4 |
| 27⅞ | 22 | Fluor Corp. $⅝ | 24½ | +½ | $1.20 | — | 2.2 |
| 15⅝ | 973p | Ford Motor $2 | 10¼ | −⅛ | $4.00 | — | 17.5 |
| 28½ | 11⅜ | GATX | 12⅛ | +¼ | $2.20 | — | 8.1 |
| 24¾ | 20 | Gen. Elect. $2½ | 20½ | +¼ | $2.80 | — | 6.1 |
| 982p | 868p | Gillette $1 | 943p | −7 | $1.72 | — | 8.2 |
| 43½ | 29¼ | Honeywell $1.50 | 32 | ..... | $2.60 | — | 3.6 |
| 12⅛ | 712p | Hutton E.F. | 10¼ | ..... | 80c | — | 3.5 |
| 31⅝ | 22¾ | I.B.M. Corp. $1.25 | 23½ | −⅜ | $3.44 | — | 6.6 |
| 27 | 21 | Ingersoll-R $2 | 21 | −¼ | $3.32 | — | 7.1 |
| 653p | 454p | I. U. International‖ | 557p | +21 | 95c | — | 7.7 |
| 11 | 776p | Kaiser Al. $⅓ | 861p | −12 | $1.20 | — | 6.3 |
| 25⅜ | 15⅜ | Louisiana Land $0.15 | 16¾ | −1¼ | $1.80 | — | 5.0 |
| 14½ | 12 | Manf. Han. US$7.50 | 13 | −⅛ | $2.52 | — | 8.7 |
| 21 | 18⅛ | Morgan (JP) US$2.5 | 20¼ | −¼ | $2.80 | — | 6.2 |
| 719p | 492p | Norton Simon Inc. $1 | 508p | −11 | $1.04 | — | 9.2 |
| 10¾ | 895p | Owens-Ill. $3.125 | 10½ | ..... | $1.40 | — | 6.0 |
| 14 | 10⅞ | Quaker Oats US$5 | 12⅛ | +⅝ | $1.40 | — | 5.2 |
| 31⅞ | 24⅜ | Reliance $0.25 | 27 | ..... | $2.00 | — | 3.3 |
| 23⅞ | 17⅜ | Rep. N.Y. Corp. $5 | 20 11/16 | +¼ | $2.52 | — | 5.4 |
| 839p | 695p | Rexnord $5 | 706p | −1 | $1.04 | — | 6.6 |
| 948p | 815p | Richdsn.-Mrrll. $1¼ | 899p | +9 | $1.20 | — | 6.0 |
| 27½ | 20⅛ | Rockwell Int. | 21 | +⅞ | $2.60 | — | 5.6 |
| 379p | 234p | Saul (B. F.) $1 | 259p | +5 | — | — | — |
| 32 | 22¾ | Shell Oil $1 | 27½ | +⅜ | $2.40 | — | 3.9 |
| 457p | 293p | Singer ($10) | 314p | +16 | 40c | — | 5.7 |
| 26½ | 18¾ | Sperry Corp. $0.50 | 19⅝ | +⅛ | $1.56 | — | 3.6 |
| 21 | 15⅞ | TRW Inc. $1¼ | 16¼ | +¼ | $2.00 | — | 5.5 |
| 19¾ | 15⅛ | Tenneco | 15⅛ | ..... | $2.40 | — | 7.1 |
| 154 | 125 | Do. 10% Ln. Stk. 91-95 | 131 | +2 | 10% | — | f7.8 |
| 11⅝ | 736p | Tesoro Pt. US$0.16⅔ | 866p | +15 | 30c | — | 1.5 |
| 18 | 12¼ | Texaco $6.25 | 15⅜ | +½ | $2.40 | — | 7.0 |
| 23⅛ | 17⅛ | Time Inc. | 17½ | +¼ | $1.66 | — | 4.3 |
| 854p | 665p | Transamerica $1 | 679p | −12 | $1.12 | — | 7.4 |
| 23¼ | 17¼ | Utd. Tech. $US5 | 17¼ | ..... | $2.20 | — | 5.8 |
| 945p | 750p | U.S. Steel $1 | 750p | −2 | $1.60 | — | 9.6 |
| 11¼ | 967p | Woolworths $3½ | 10¼ | −⅛ | $1.80 | — | 7.9 |
| 29⅜ | 22 | Xerox Corp. $1 | 22½ | −¼ | $2.80 | — | 5.6 |
| 16⅝ | 11¼ | Zapata Corp. 25c | 12⅝xd | +⅛ | 48c | — | 1.7 |

## CANADIANS

| 1980 High | Low | Stock | £ | + or − | Div. Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 10⅛ | 875p | Bk. Montreal $2 | 880p | ..... | $1.52 | — | 6.4 |
| 990p | 870p | Bk. Nova Scot. | 910p | +5 | $1.40 | — | 5.8 |
| 800p | 685p | Bell Canada $8⅓ | 715p | −5 | $1.64 | — | 8.7 |
| 24 | 13 | Bow Valley‖ | 15¼ | +⅛ | h10c | — | 0.3 |
| 12¼ | 820p | Brascan‖ | 930p | +30 | ♦$1.20 | — | 4.9 |
| 10⅝ | 860p | Can. Imp. Bk. $2 | 925p | ..... | $1.80 | — | 7.4 |
| 18 13/16 | 13⅜ | Can. Pacific $5 | 14½ | ..... | $1.80 | — | 4.7 |
| 31¼ | 27⅜ | Do. 4pc Deb. £100 | 29¼ | ..... | 4% | — | 13.7 |
| 71¼ | 40⅛ | Gulf Oil Can.‖ | 57 | −⅛ | $1.60 | — | 1.1 |
| 740p | 570p | Hawker Sid. Can.‖ | 600p | +5 | 96c | — | 6.0 |
| 19⅞ | 12¾ | Hollinger $5 | 14⅛ | −¼ | s$2.20 | — | 5.9 |
| 478 | 850p | Hudson's Bay ‖ | 850p | −15 | ♦$1.20 | — | 5.3 |
| 57 | 36⅝ | Hud. B. Oil G. $2½ | 41½ | −⅛ | $2.30 | — | 2.1 |
| 21⅞ | 15 | Imperial Oil‖ | 16⅛ | ..... | $1.40 | — | 3.3 |
| 14 | 960p | Inco | 960p | ..... | 72c | — | 2.8 |
| 565p | 425p | Int. Nat. Gas $1 | 485p | +5 | 90c | — | 7.0 |
| 495p | 345p | Massey Ferg.‖ | 345p | −10 | — | — | — |
| 200p | 100p | Place Gas $1 | 122p | +2 | — | — | — |
| 14 7/16 | 10 11/16 | Rio Algom | 10 15/16 | ..... | $1.50 | — | 5.3 |
| 17 7/16 | 14⅜ | Royal Bk. Can. $2 | 14⅞ | −⅛ | $2.40 | — | 6.1 |
| 25½ | 15 7/16 | Seagram Co. C$1 | 23½ | ..... | $US1.10 | — | 2.1 |
| 11⅛ | 890p | Tor. Dom. Bk. $1 | 960p | +10 | $1.36 | — | 5.4 |
| 10½ | 815p | Trans Can. Pipe | 820p | −20 | $1.16 | — | 5.4 |

## BANKS AND HIRE PURCHASE

| 1980 High | Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 244 | 202 | ANZ $A1 | 207 | +2 | Q22c | 3.7 | 5.4 | 5.0 |
| 228 | 183 | Alexanders D. £1 | 228 | ..... | 16.0 | — | 10.0 | — |
| £76½ | £56 | Algemene Fl.100 | £65¾ | ..... | Q25% | ϕ | 7.9 | ϕ |
| 345 | 290 | Allen Harvey £1 | 345 | ..... | 21.5 | — | 8.9 | — |
| 128 | 108 | Allied Irish | 112 | ..... | hQ8.09 | — | 7.0 | — |
| 16¼ | 13 | Ansbacher (H.) 5p | 13¾ | ..... | — | — | — | — |
| 230 | 180 | Arbuthnot L. £1 | 230 | +2 | †10.42 | — | 9.3 | — |
| 360 | 320 | Bk. Ireland £1 | 325 | ..... | Q25.0 | — | 7.5 | — |
| £162 | £146 | Do. 10pc Conv. | £150 | −2 | Q10% | — | f6.7 | — |

## BANKS & HP—Continued

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## CHEMICALS, PLASTICS—Cont.

[illegible]

## DRAPERY AND STORES

[illegible]

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[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]


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### Central Rand

[illegible]

### Eastern Rand

[illegible]

### Far West Rand

[illegible]

### O.F.S.

[illegible]

### Finance

[illegible]

### Diamond and Platinum

[illegible]

### Central African

[illegible]



## MINES—Continued

### Australian

[illegible]

### Tins

[illegible]

### Copper

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 235 | 130 | Messina R0.50 | 197 | ...... | m010c | ♦ | 3.0 |

### Miscellaneous

| High | Low | Stock | Price | + or − | Div. Net | Cvr | Yld Gr's |
|---|---|---|---|---|---|---|---|
| 160 | 78½ | Anglo-Dominion | 142 | ...... | — | — | — |
| 97 | 58 | Barymin | 67 | ...... | — | — | — |
| 16 | 12 | Burma Mines 17½p | 16xd | +½ | 0.62 | ♦ | 5.6 |
| 502 | 330 | Cons. Murch. 10c. | 340 | ...... | M0100c | 1.8 | 16.8 |
| 585 | 325 | Northgate C$1 | 340 | +5 | — | — | — |
| 485 | 327 | R.T.Z. | 357 | −3 | 15.0 | 3.3 | 6.2 |
| 33 | 16 | Robert Mines | 26 | −2 | — | — | — |
| 58 | 27 | Sabina Inds. C$1 | 30 | ...... | — | — | — |
| 650 | 440 | Tara Explrn. $1 | 450 | −10 | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¥ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim *statement.*
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ *Excluding a final dividend declaration.*
- ✣ Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official *estimates for* 1979-80. G *Assumed dividend and yield after pending scrip and/or rights issue.* H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield *based on prospectus or other official estimates for* 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; *xR ex capital distribution.*

## REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

| | | | IRISH | | |
|---|---|---|---|---|---|
| Albany Inv. 20p | 27 | ...... | Conv. 9% '80/82 | £86 | ...... |
| Bertam | 18 | ...... | Nat. 9¾% 84/89 | £72¾ | +⅛ |
| Bdg'wtr. Est. 50p | 365 | ...... | Fin. 13% 97/02 | £80¾ | +⅛ |
| Clover Croft | 60 | ...... | Alliance Gas | 58 | ...... |
| Craig & Rose £1 | £10½ | ...... | Arnott | 360 | ...... |
| Fife Forge | 37 | ...... | Carroll (P.J.) | 52 | ...... |
| Finlay Pkg. 5p | 18½ | −1½ | Clondalkin | 106 | +5 |
| Graig Ship. £1 | £12¼ | +¼ | Concrete Prods. | 75 | −2½ |
| Higsons Brew | 75 | ...... | Heiton (Hldgs.) | 33 | ...... |
| Holt (Jos) 25p | 252 | −3 | Ins. Corp. | 250 | ...... |
| I.O.M. Stm. £1 | 170 | ...... | Irish Ropes | 60 | ...... |
| Pearce (C. H.) | 385 | ...... | Jacob | 35 | ...... |
| Peel Mills | 39 | ...... | T.M.G. | 137 | ...... |
| Shell. Refrshmt. | 99 | ...... | Unidare | 102 | ...... |
| Sindall (Wm.) | 155 | ...... | | | |

## OPTIONS
## 3-month Call Rates

| Industrials | | | | | |
|---|---|---|---|---|---|
| A. Brew | 8 | I.C.I. | 32 | Utd. Drapery | 9 |
| BOC Intl. | 6 | "Imps" | 7 | Vickers | 14 |
| B.S.R. | 5 | I.C.L. | 45 | Woolworths | 6½ |
| Babcock | 12 | Inveresk | 5 | **Property** | |
| Barclays Bank | 30 | Ladbroke | 15 | Brit. Land | 7 |
| Beecham | 13 | Legal & Gen. | 14 | Cap. Counties | 9 |
| Blue Circle | 25 | Lex Service | 10 | Land Secs. | 25 |
| Boots | 17 | Lloyds Bank | 24 | MEPC | 17 |
| Bowaters | 16 | "Lofs" | 3½ | Peachey | 13 |
| B.A.T. | 25 | London Brick | 6 | Samuel Props. | 12 |
| Brown (J.) | 7 | Lucas Inds. | 20 | Town & City | 2 |
| Burton 'A' | 22 | "Mams" | 14 | **Oils** | |
| Cadburys | 5½ | Mrks. & Spncr | 9 | Brit. Petroleum | 38 |
| Courtaulds | 8 | Midland Bank | 30 | Burmah Oil | 20 |
| Debenhams | 8 | N.E.I. | 5 | Charterhall | 12 |
| Distillers | 21 | Nat. West. Bank | 32 | KCA | 11 |
| Dunlop | 5½ | P & O Dfd. | 9 | Premier | 12 |
| Eagle Star | 14 | Plessey | 16 | Shell | 35 |
| F.N.F.C. | 2½ | Racal Elect. | 20 | Tricentrol | 35 |
| Gen. Accident | 21 | R.H.M. | 4½ | Ultramar | 50 |
| Gen. Electric | 30 | Rank Org. | 18 | **Mines** | |
| Glaxo | 40 | Reed Intnl. | 17 | Charter Cons. | 18 |
| Grand Met. | 12 | Sears | 5½ | Cons. Gold | 52 |
| G.U.S. 'A' | 30 | Tesco | 7 | Lonrho | 12 |
| Guardian | 23 | Thorn | 25 | Rio T. Zinc | 35 |
| G.K.N. | 22 | Trust Houses | 14 | | |
| Hawker Sidd | 16 | Tube Invest. | 27 | | |
| House of Fraser | 12 | Unilever | 40 | | |
| | | U.D.T. | 6 | | |

A selection of Options traded is given on the London Stock Exchange Report page

" Recent Issues " and " Rights " Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES
Friday April 25 1980



# Poles in Euroloan move

By Christopher Bobinski in Warsaw

THE POLISH Government formally invited Western bankers yesterday to participate in a new jumbo Euro-currency loan, and claimed that about 75 per cent of its foreign borrowing requirement had been arranged, leaving about $1bn still to be raised.

Confirmation of the Polish intention to raise funds through a syndicated loan was revealed to representatives of over 30 Western banks who participated in last year's $550m Euroloan led by Bank of America.

They were invited to Warsaw by Bank Handlowy for a review of Poland's economic and financial situation.

At a Press conference later, Mr. Marian Krzak, Deputy Finance Minister, said that Poland must pay about $1.8 bn in interest this year on outstanding $18.5 bn hard currency debt, and make capital repayments of a further $5.8 bn rising to over $6 bn next year.

This total of $7.6 bn compared with planned 1980 hard currency export earnings of $8.6 bn plus $2 bn from invisible earnings, Mr. Krzak said.

Asked to comment on bankers' reactions to confirmation of a debt service ratio of over 70 per cent, Mr. Jan Woloszyn, Deputy chairman of Bank Handlow, said: "It no longer worries bankers as it used to."

Mr. Krazy said the meeting was "in an atmosphere of full understanding for Poland's problems." Hesitations after the Soviet invasion of Afghanistan appeared to have been dispelled, he added.

In the first quarter of this year Poland achieved a surplus in hard currency trade of $120m on exports over $2bn.

Anthony Robinson writes: Bankers in London were surprised by Mr. Krzak's statement, and said that a total requirement of about $4.5bn this year seemed small compared with the debt-servicing burden of $7.6bn, with more in prospect.

# Chairman of NNC named

By David Fishlock, Science Editor

MR. DENIS ROONEY, ager 60, an executive vice-chairman of British Insulated Callender's Cables, will become chairman of the National Nuclear Corporation, succeeding Lord Aldington, the Government announced yesterday.

Dr. Ned Franklin, chief executive of the Nuclear Power Company, operating arm of the NNC, is to continue as chief executive, with Mr. Rooney as full-time chairman.

The NNC's three-tier management structure, with a supervisory management contract exercised by GEC, is now being simplified.

GEC is 30 per cent shareholder in the NNC, with the Government holding 35 per cent (through the U.K. Atomic Energy Authority) and other companies the remainder through a holding company, British Nuclear Associates.

Mr. David Howell, Secretary for Energy, yesterday welcomed Mr. Rooney's appointment as "another important step in the development of the Government's nuclear power policy."

Other steps, said Mr. Howell, were the programme of new nuclear orders from 1982, based on the pressurised water reactor (PWR); changes in the structure of the NNC, approval last week for two new advanced gas-cooled reactor stations; and the letter of intent issued this week to the nuclear company for the first PWR.

Britain was investing £5.5bn a year in energy production, he said.

Men and Matters, Page 22

# Coal Board fund to boost building of small factories

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

GOVERNMENT plans to help industry by merging State funds with private sector finance received a major boost yesterday when it was announced that the National Coal Board pension fund is to provide up to £15m for building small factories.

This is the third scheme to be announced in the past few months linking pension funds and insurance companies with projects being developed by the Industry Department.

Sir Keith Joseph, Industry Secretary, who has been encouraging financial institutions to increase their help for industry in general and for small businesses in particular, yesterday congratulated the NCB Pension Fund for its "far-eightedness in setting out on what I believe will be a profitable investment."

The £15m will be added to £5m promised by the Chancellor of the Exchequer in his Budget. The total of £20m will be spent by the State-owned English Industrial Estates Corporation building selected viable developments" of about 1,000 "nursery" factory units in assisted areas.

The Government believes that the lack of very small garage-sized industrial premises is one of the most serious impediments to the development of new small businesses and has made this issue a top priority.

The NCB Pension Fund approached Sir Keith as soon as it heard that the £15m was being sought because the project fits in with its general work. The fund puts aside 15 per cent of its £250m annual income for use in industry, especially small businesses, and has already invested £75m since 1975.

It also specialises in general property investment and has already built 750,000 square feet of "nursery" units on its accounts in the past two years in various parts of the country—including coal mining areas.

Its interest in the new £20m venture will be looked after by its property subsidiary, CIN Properties The Estates Corporation will create a special development and management subsidiary once the Industry Bill becomes law.

# UK hints at EEC price deal

By Richard Evans, Lobby Editor

THE BRITISH Government might be prepared to agree to French demands for a 5 per cent increase in EEC farm prices in order to reach agreement on Britain's budget contribution at, or soon after, the Luxembourg summit this weekend.

This prospect emerged yesterday after the Prime Minister repeated demands from Mr. Callaghan in the Commons for assurances that increases in prices of food products in surplus would not be countenanced.

Mrs. Thatcher stressed there was no question of Britain being prepared to barter to reach a satisfactory agreement on the UK's net budget deficit of £1.2bn. But she said if we were expecting the Community to help sort out our problems, it was reasonable to help other members sort out theirs.

Behind the scenes, it was argued that it might be worthwhile to concede £50m, for example, on farm prices, if it resulted in a satisfactory cut of £600m to £700m in Britain's contribution.

But such a bargain would inevitably leave Mrs. Thatcher open to charges of giving way to the French and going back on pledges not to increase the price of food products in surplus.

In the Commons, Mr. Peter Walker, Agriculture Minister, was accused of "passing the buck" to the Prime Minister over his refusal to agree new farm prices. The Opposition argued that he had left it to the Prime Minister to decide tactics at the summit.

Mr. Roy Mason, Shadow Agriculture spokesman warned that the prospect of a trade-off between Prime Minister's was not the best way to develop a sensible agricultural policy.

Budget dispute, Page 2

# Furness Withy takeover cleared

BY WILLIAM HALL, SHIPPING CORRESPONDENT

THE GOVERNMENT has decided not to refer Mr. C. Y. Tung's £113m bid for Furness Withy to the Monopolies and Mergers Commission.

The 420p per share bid for Britain's fourth largest quoted shipping company closes today. Orient Overseas, the quoted subsidiary of Hong Kong's Tung group, already controls 11 per cent of Furness and other important shareholders have indicated that they will accept the bid.

The Furness Withy share price closed 27p higher at 410p last night reflecting the stock market's relief that the bid is not to be referred to the commission.

Earlier this week the only other major obstacle in the way of the takeover was removed when Mr Frank Narby, an earlier predator of Furness' main subsidiary Manchester Liners, announced that he and his associates would accept the Tung offer.

Mr Narby and his friends control 19 per cent of Furness Withy, Hambros another 5 per cent, and Rea Brothers—Furness Withys advisers—are understood to control at least 10 per cent.

The Furness Board has recommended the offer and it is virtually certain that it will go through.

When the bid for Furness was first announced in mid-February a number of Labour MPs argued that it should be referred to the Monopolies Commission because there was a growing feeling that it was not in the public interest.

However, Mr Tung, who is Hong Kong's second largest shipowner, has given an assurance that Furness Withy's British character will be preserved and this seems to have impressed the Government.

Two matters have still to be tidied up before the takeover is completed. First, there is the question of whether Furness' partners in Overseas Containers Ltd (P & O, Ocean Transport and British and Commonwealth Shipping) will allow Murness' 16 per cent stake to be taken over by the Tung Group. Under the rules of the OCL consortium they have first refusal on the shares in the event of a takeover.

The second area of uncertainty involves Furness Withy's two third stake in Manchester Liners. Mr. Narby owns the minority and is anxious to come to some sort of arrangement about rationalising the serious overcapacity on the North Atlantic—Manchester Liners' main sphere of operations.

# Printers confirm threat to national newspapers

BY PAULINE CLARK, LABOUR STAFF

THE THREAT by printers to disrupt national newspapers in support of the provincial pay dispute was confirmed yesterday.

Mr. Joe Wade, general secretary of the National Graphical Association, said all national newspapers with provincial interests would remain vulnerable to sudden industrial action by print craftsmen.

The Sun, with provincial interests in the West Midlands, failed to appear yesterday because of NGR action. Printers had responded within a few hours to a national decision by provincial employers to lock out all NGA employees from Monday.

All signs yesterday indicated a prolonged war of nerves in the national dispute which affects 1,200 provincial newspapers and 3,700 general print companies.

Mr. Douglas Lowndes, Newspaper Society director, said there was disappointment that "strenuous" attempts to persuade the NGA to hold a ballot on the employers' offer had been "obstinately refused."

The union has rejected a 20.6 per cent offer, with a £75 minimum earnings level and 37½ hour week by July, 1982.

In the provinces, two groups, the Cambridge Evening News Series and Bristol Unite dPress, have suspended publication because of disruption by NGA members during the dispute.

After a nemergency session of the NGA council yesterday, Mr. Wade said: "We have to face up to it that the employers have pushed us all over the brink. We must now fight for a just settlement."

He said Fleet Street owners with interest in the provinces could "not be cocooned from the disastrous course that their managers outside Fleet Street have embarked upon."

Mr. Wade was responding to a Newspaper Publishers' Association request yesterday for a guarantee that further disruption of national newspapers would not take place.

Sir Richard Marsh, NPA chairman, said the action by the Sun printers was "totally unconstitutional."

Both the British Printing Industries Federation and the Newspaper Society, representing employers, yesterday told members of the decision to suspend all NGA employees involved in the dispute without pay from next Monday.

Continued from Page 1

# Iran

pushed back the American assessment of military options against Iran.

President Jimmy Carter is under growing international pressure to avoid using military means to solve the hostage crisis.

Earlier the President warned of possible military action by the middle of next month.

Iran as part of reprisals against the West, has been moving large amounts of her deposits with British and West German banks.

Since the beginning of this year Iran has switched some of the $1.5bn held in deposit with British banks in London to Switzerland and France.

Bankers said yesterday that funds had been withdrawn from German banks, believed to hold less than $1bn worth of Iranian deposits.

Apart from neutral countries, France has been the great beneficiary of Iran's attempts to rechannel deposits.

In the past four months, Iranian deposits held in Paris by French and some Arab banks have probably doubled to an estimated $2.5bn.

In Tokyo bankers congrmed that the Iranian central bank had ceased to renew its time deposits with Japanese banks, and had begun transferring funds to neutral countries such as Austria or Switzerland.

Approximately $8bn of Iranian assets have been frozen by the U.S.

Richard Evans, Lobby Editor, writes: Mrs. Margaret Thatcher gave full backing to Mr. Carter in the Commons yesterday on mounting of political and economic pressures against Iran. But Ministers are increasingly alarmed at the prospect of military intervention.

Lord Carrington, the Foreign Secretary, reported to his Cabinet colleagues on the situation when fears were expressed that military action might bring full-scale war.

Continued from Page 1

# Rail pay deal

deal in spite of its acceptance by the other two unions and its own negotiators.

Mr. Sid Weighell, NUR general secretary, said: "It was the best deal we could get in the circumstances, but we failed to convince our executive committee of that."

The executive was dissatisfied with the staging of the deal—16 per cent would be paid from last Monday with a further 4 per cent from June 30—and particularly with the commitment to productivity changes.

Mr. Weighell said the union was a long way away from industrial action.

The deal would have increased a railwayman's basic pay from £48.95 to £58.75 and a drivers' from £78.20 to £93.85. It also included a commitment for an hour off the working week from November next year.

# Weather

UK TODAY

MAINLY CLOUDY with rain or showers, max. temperatures 12-13 C (54-55 F, except

London, S.E. and C.S. England, E. and W. Midlands

Mainly dry, early mist soon dispersing, bright periods, becoming cloudy, rain later.

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland

Mainly cloudy, bright periods, rather cold. Max. 8 C (46 F).

Outlook for the weekend: Changeable, sunny intervals, temperatures near normal.

WORLDWIDE

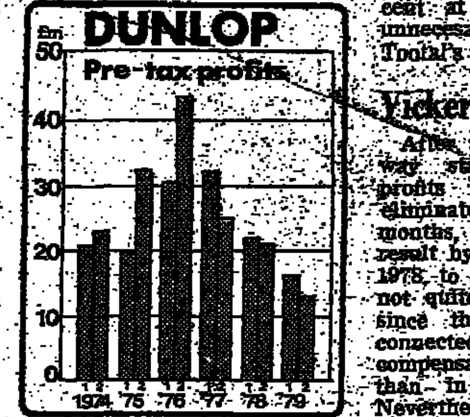
| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 15 | 59 | Lisbon | S | 20 | 68 |
| Algiers | S | 18 | 64 | Locarno | F | 17 | 63 |
| Amsdm. | F | 11 | 52 | London | C | 11 | 52 |
| Bahrain | S | 34 | 93 | Luxmbg. | C | 7 | 45 |
| Barclna. | S | 15 | 59 | Madrid | S | 15 | 59 |
| Beirut | F | 20 | 68 | Majorca | F | 16 | 61 |
| Belfast | F | 13 | 55 | Malaga | S | 18 | 64 |
| Belgrd. | C | 11 | 52 | Mchstr. | C | 11 | 52 |
| Berlin | R | 5 | 41 | Melbne | C | 17 | 63 |
| Bmghm. | C | 13 | 55 | Montreal | C | 10 | 49 |
| Blackp'l | C | 11 | 52 | Moscow | S | 20 | 68 |
| Bordx. | C | 13 | 55 | Munich | Sn | 1 | 34 |
| Boulgn. | C | 9 | 48 | Nairobi | C | 21 | 70 |
| Bristol | C | 13 | 55 | Naples | F | 12 | 54 |
| Brussels | C | 9 | 48 | Nwcstl. | C | 6 | 43 |
| Budpst. | C | 7 | 45 | N York | S | 16 | 61 |
| B Aires | R | 22 | 72 | Nice | S | 14 | 57 |
| Cairo | S | 28 | 82 | Nicosia | S | 19 | 66 |
| Cardiff | C | 13 | 55 | Oporto | S | 18 | 64 |
| Cashca. | C | 18 | 64 | Oslo | S | 12 | 54 |
| Cape T | C | 18 | 64 | Paris | R | 9 | 48 |
| Chicago | C | 2 | 36 | Perth | S | 18 | 64 |
| Cologne | R | 7 | 45 | Prague | Sn | 1 | 34 |
| Cophgn. | R | 7 | 45 | Reykjvk. | C | 4 | 39 |
| Dublin | C | 12 | 54 | Rio J'o | S | 28 | 82 |
| Dbrvnk. | C | 11 | 52 | Rome | F | 15 | 59 |
| Ednbgh. | C | 8 | 46 | Salzbg. | R | 4 | 39 |
| Faro | S | 20 | 68 | Singapr. | C | 31 | 88 |
| Frankf't | C | 11 | 52 | Stckhm. | C | 11 | 52 |
| Funchal | C | 18 | 64 | Strasbg. | F | 22 | 72 |
| Geneva | C | 9 | 48 | Sydney | S | 23 | 73 |
| Gibrltr. | S | 19 | 66 | Tangier | F | 22 | 72 |
| Glasgow | C | 9 | 48 | Tehran | S | 21 | 70 |
| G'rnsey | C | 13 | 55 | Tel Aviv | C | 20 | 68 |
| Helsinki | C | 11 | 52 | Tokyo | C | 15 | 59 |
| H. Kong | C | 26 | 80 | Toronto | S | 9 | 48 |
| Innsbr'k | C | 8 | 46 | Tunis | F | 19 | 66 |
| Invrnss. | C | 8 | 46 | Valencia | S | 18 | 64 |
| I.o.Man | F | 11 | 52 | Venice | F | 14 | 57 |
| Jersey | C | 12 | 54 | Vienna | R | 5 | 41 |
| Jo'burg | S | 20 | 68 | Warsaw | C | 11 | 52 |
| L. Plms. | C | 19 | 66 | Zurich | R | 5 | 41 |

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

# Run-flat years at Dunlop

Index fell 0.4 to 434.8




With any luck, Dunlop's £23m pre-tax for 1979—reducing to nil at the attributable level—could turn out to be the nadir of the group's fortunes, but there is little sugegstion that 1980 will brin a really radical improvement. The group has duly paid a maintained net dividend, on which the shares yield 13.7 per cent at 58p. It has also held the 1979 cash ouflow to £31m, thanks partly to an actual reduction of £6m in working capital, which reflected a release of resources after the Speke closure and to some extent a greater reliance on trade creditors. But in the process the group continues gently to shrink.

Thus the capital spend of £54m compares with a current cost depreciation charge of £69m, a comparison which will not change much in 1980. The bulk of operating profits are now made in the riskier and more highly taxed areas of Asia and Africa, with the UK last year still accounting for sales of £618m but contributing just £2m of pre-interest profits. With no tax relief available for the European losses, the attributable current cost loss is as much as £26m.

At least the German tyre losses have been eliminated, leading to a £3m attributable profit from this source, and the cost benefits of the Speke closure in the UK will help in 1980. If the group can avoid last year's £10m strike costs, and if money rates fall soon, there is obvious recovery potential, but there must also be a question mark over the level of demand. On a current cost basis Dunlop's shareholders' funds are worth some £790m, but the stock market values them at just £73m.

## Grattan

Grattan Warehouses is still in a nose dive. Its figures would have been barely in the black in the second half of 1979 but for a change in the accounting treatmen of its VAT payments. This move, which is entirely cosmetic, inflates reported profits by nearly £2m, and as a result the pre-tax total emerges at £4.4m against £11.3m a year ago.

Grattan is not the only mail order house to treat VAT in this way. But the decision to make such a change does not inspire confidence at a time when the sales strategy seems to have gone awry and long-established directors are resigning.

In 1979, Grattan made a big push for market share and spent a lot more on recruiting new agents. It got the sales, but not the profits. Stock write-offs were more than £1m above budget and debt levels soared. Borrowing have jumped from £43m to £33m, compared with net worth of £53m, and the interest charge would have been well under twice covered but for the accounting charge.

As a result, the group has ben forced to take a less aggressive approach to sales this year and to spread its modernisation programme over a longer period than originally planned. It will not now be completed for several years. Despite its apparent willingness to talk, Grattan has received no firm bid proposals, and the shares at 70p are leaning heavily on a yield of 13½ per cent.

## Tootal

Tootal had been pinning its hopes of respectable profits in the year to January, 1980, on a strong last quarter. As it was, the group ran straight into retail destocking, which hit the printed fabric side hard, while the U.S. market was closed to its Far Eastern thread, and its U.S. store business failed to anticipate a bear market in John Travolta suits. At least the rise in the interest charge was contained by the timely sale of the Van Allan chain of shops. But pre-tax profits are down to £14.6m from £21.1m, or, on a current cost basis, to £0.6m from £10.6m.

The first half of the current year will be very poor, but Tootal believes the present retail de-stocking may mark the bottom of the textile cycle. For all the problems with imports, the drastic surgery undertaken in the UK should reduce costs enough to help profits higher later in the year. North American retailing is set to recover, and the international thread business is a relatively stable source of profits. Earnings should now be passing their lowest point, and so should the sharus which, yielding 18½ per cent at 26p, are taking an unnecesarily gloomy view of Tootal's future.

## Vickers

After advancing at the half-way stage, Vickers' pre-tax profits have been virtually eliminated in the second six months, to reduce the full year result by £4.4m compared with 1978, to £7.3m. The decline is not quite as bad as it seems, since the receivable interest connected with nationalisation compensation is £2.6m lower than in the previous year. Nevertheless, the disappearance of profitability at Roneo Vickers, now awaiting dismemberment, and in Austraia, leaves the group dependent on little more than the UK engineering and the lithographic businesses. The order downturn in defence and the erosion of lithographic trading margins as competition intensifies suggests that progress at the trading level will be limited this year.

As ever, the question of compensation overshadows the immediate trading prospects. Yesterday the share price rose 5p to 119p on the company's hope of a Government offer soon, although the current year may well not see final settlement. With a cash outflow of about £10m last year and heavy capital spending necessary to keep up in the lithographic race, the compensation, when it comes, will probably barely wipe out net debt, reducing the scope for major acquisitions.

## Lonrho

Lonrho's attempt to make its associate House of Fraser pay an extra 2p on its 6p dividend—already raised by 35 per cent over the previous year—will not help its image in the City. Cash cannot exactly be coming out of Fraser's ears at present, and department stores are going to need heavy investment if they are to compete effectively in a more difficult retailing climate. Fraser's present dividend is covered 2.4 times by SSAP 15 earnings, but the current cost cover is probably nothing special.

It might be argued that Fraser should over-distribute and run itself gradually down. Lonrho will presumably tell the world whether it subscribes to this view, whether it is short of cash itsef, or whether it just wants to get Fraser's share price up to enable it to sell its shares.



# Shell expects five-year tax bill of £9.5bn

BY RAY DAFTER, ENERGY EDITOR

SHELL UK, one of the most active operators in the North Sea, expects to pay £9.5bn in oil taxes over the next five years.

Mr. John Raisman, chairman and chief executive, said yesterday Petroleum Revenue Tax alone would cost the company about £7bn—£700m more than originally expected, as a result of the proposed increase announced in the Budget.

During the period, the contribution from PRT and Corporation Tax would represent 3p a year on the standard rate of income tax, he said.

Shell—the UK offshoot of the Royal Dutch/Shell Group—broke through the profitability barrier last year. Its net income totalled £476m as against a deficit of £26m in 1978 and losses in two previous years. In view of the expected tax burden, Shell UK was not expecting a significant increase in net profits, in constant money terms, in the next few years, Mr. Raisman said.

In the 1981-85 period Shell expects to produce about 15 per cent of Britain's North Sea oil. The company has invested £1.7bn in the offshore operations. As a result of capital allowances the company has not yet begun paying taxes on its offshore operations; its first PRT payment is due late this year or early next year.

This year the company expects to invest about £500m, more than £400m of which will go on North Sea projects, including work in the Brent Field, the Cormorant Field complex, and the Fulmar Field. Mr. John Jennings, managing director of Shell Expro, the offshore exploration and production operation, said about £37m would be spent this year on exploration alone. He revealed that for the first time Shell hoped to team up with British National Oil Corporation in a joint exploration project west of the Shetland Islands. The companies would be bidding in the seventh round of offshore licences, expected to be announced shortly.

Shell Chemicals, which saw its sales proceeds rise by one-third to £428m last year, returned a pre-tax profit of £21m, compared with a loss of £10m in 1978. Mr. Keith Walley, its managing director, said he had approached the American Dow Chemical group with a view to offering the U.S. company a stake in the emerging petrochemical complex at Mossmorran, Fife. The approach was a bid to stave off harmful competiton in the UK chemical industry.

Shell and Esso are developing a chemical complex at Mossmorran while Dow is planning a similar development at Cromarty, in north-east Scotland. Both sites are designed to use North Sea gas as feedstock.

Mr. Walley said he considered Mossmorran was a more logical site for development as it was closer to the chemical markets. He was worried that neither site could be developed to their full potential if each were competing for a finite supply.

According to Mr. Walley, Dow planned to continue with the Cromarty venture, although the question of a possible alternative location would be borne in mind.

Shell's downstream operations—its oil products and chemicals business — have benefited from assured supplies of North Sea oil. Shell UK doubled its UK oil production to 7m tonnes last year. This meant that one-third of the UK group's oil supply requirements were met from its own North Sea production. A similar amount is expected to be produced this year, although Shell is negotiating with BNOC to bu ya large volume of additional North Sea supplies. ... ... ...

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